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HOUSE BILL 2681

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State of Washington

58th Legislature

2004 Regular Session

By Representatives Kenney, Cox, Fromhold, Priest, Morrell, Jarrett, Anderson, O'Brien, McIntire, Rockefeller, Edwards and Haigh; by request of Governor Locke

Read first time 01/19/2004. Referred to Committee on Higher Education.

1 AN ACT Relating to performance contracts with institutions of  
2 higher education; adding a new chapter to Title 28B RCW; and providing  
3 an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that the higher  
6 education system in Washington state has historically provided  
7 opportunities for advanced study for thousands of residents, produced  
8 high quality scholars and graduates, and facilitated world class  
9 research and innovation. But the new global economy demands even more  
10 from our colleges and universities in terms of highly trained and  
11 skilled workers and research to fuel future economic growth.

12 (2) The legislature further finds that, since 1997, public  
13 institutions of higher education have developed and maintained a system  
14 of performance measures to monitor progress in improving graduation  
15 efficiency, faculty productivity, student achievement of degrees and  
16 certifications, and other topics. However, the current performance  
17 measurement system is too limited in scope and scale. Only a few  
18 measures reflect the unique role and mission of an institution. There

1 is little dialog between state policymakers and institution leaders  
2 regarding the challenges facing our colleges and universities and the  
3 outcomes expected by the public and the state.

4 (3) The legislature further finds that procedures for operating  
5 budgets, enrollment management, and strategic planning for higher  
6 education are not adequately coordinated. The state and institutions  
7 must jointly discuss and establish clear priorities and acknowledge  
8 potential trade-offs of funding decisions.

9 (4) Therefore, the legislature intends to explore a new  
10 relationship between the state and public institutions of higher  
11 education that includes dialog and negotiation over goals, priorities,  
12 performance, and resources, and also includes explicit commitments made  
13 by each party aimed at achieving agreed-upon outcomes. The mechanism  
14 to implement this relationship is a performance contract, to be  
15 initiated on a pilot basis with selected institutions beginning in  
16 2004.

17 NEW SECTION. **Sec. 2.** As used in this chapter, a performance  
18 contract:

19 (1) Is an agreement reached between the governor and the governing  
20 board of an institution of higher education as provided in section 3 of  
21 this act and approved by the legislature as provided in section 6 of  
22 this act;

23 (2) Addresses statewide goals and priorities of the legislature;

24 (3) Addresses resident undergraduate enrollment levels;

25 (4) Contains goals and commitments from both the institution and  
26 the state;

27 (5) Includes quantifiable performance measures and benchmarks; and

28 (6) Reflects the unique role and mission of the institution within  
29 the state's higher education system.

30 NEW SECTION. **Sec. 3.** (1) The governor's office with assistance  
31 from the higher education coordinating board shall enter into  
32 negotiations with the governing boards of one state research university  
33 and one state regional university, as defined in RCW 28B.10.016, to  
34 create a performance contract on a pilot basis with each institution.

35 (2) The governor's office with assistance from the higher education  
36 coordinating board shall enter into negotiations with the state board

1 for community and technical colleges to create performance contracts on  
2 a pilot basis with two state community and technical colleges, as  
3 defined in RCW 28B.10.016.

4 (3) The term of a performance contract negotiated under this  
5 section is six years, beginning with the 2005-06 academic year and  
6 ending with the 2010-11 academic year.

7 NEW SECTION. **Sec. 4.** (1) Performance contracts shall contain:

8 (a) Indicators that measure outcomes concerning cost, price,  
9 quality, and timeliness of student progress toward degrees and  
10 certifications;

11 (b) Indicators that measure the efficiency and effectiveness of  
12 institutional processes; and

13 (c) Strategies, actions, and results committed to by the  
14 institution in order to achieve statewide goals.

15 (2) The governor and institutional negotiating teams shall identify  
16 indicators and levels of performance that are clearly linked to the  
17 role, mission, and strategic plan of the institution.

18 NEW SECTION. **Sec. 5.** (1) Performance contracts shall include  
19 grants to the institution, under the terms of the contract, of  
20 flexibility or waivers from state controls or regulations.

21 (2) The higher education coordinating board and institutional  
22 negotiating teams shall identify areas where statutory change is  
23 necessary to grant an institution flexibility or waivers of state  
24 regulations. The governor shall submit legislation necessary to  
25 implement a performance contract to the higher education committees of  
26 the senate and house of representatives for the 2005 legislative  
27 session.

28 (3) The following areas may not be included in a performance  
29 contract:

30 (a) Flexibility or waivers of requirements in a collective  
31 bargaining agreement negotiated under chapter 41.56, 41.59, 41.76, or  
32 41.80 RCW; and

33 (b) Flexibility or waivers of administrative rules or processes  
34 governed by chapter 41.56, 41.59, 41.76, or 41.80 RCW.

1        NEW SECTION.    **Sec. 6.**    (1) The governor shall submit the completed  
2 performance contracts to the legislature by January 15, 2005.  
3 Following public hearings, the legislature shall have the opportunity,  
4 by concurrent resolution, to approve or reject each performance  
5 contract as a whole.

6        (2) If the legislature rejects a submission, the performance  
7 contract shall be returned to the parties for renegotiation.

8        (3) All cost items contained within a performance contract shall be  
9 subject to legislative appropriation.

10       NEW SECTION.    **Sec. 7.**    (1) Beginning September 2005, the higher  
11 education coordinating board shall provide semi-annual progress reports  
12 to the higher education committees of the senate and house of  
13 representatives on implementation of the performance contracts and any  
14 short-term outcomes. The overall purpose of the progress reports is to  
15 focus attention on key measures of institution performance and gain an  
16 improved understanding of the causes of success or lack of success in  
17 making progress in achieving the goals in the contract.

18        (2) The Washington state institute for public policy shall conduct  
19 an evaluation of the pilot performance contracts and make  
20 recommendations regarding change, continuation, or expansion of the  
21 contract process to include additional colleges and universities. The  
22 evaluation shall be submitted to the governor and higher education  
23 committees of the senate and house of representatives by January 15,  
24 2008.

25       NEW SECTION.    **Sec. 8.**    Sections 1 through 7 of this act constitute  
26 a new chapter in Title 28B RCW.

27       NEW SECTION.    **Sec. 9.**    This act expires July 1, 2011.

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