

HECB MEETING AGENDA
Senate Hearing Room 4, Cherberg Building
State Capitol Campus
September 29, 2011

8:30	Welcome and Introductions	<u>Tab</u>
	<ul style="list-style-type: none"> • Earl Hale, Vice Chair, Higher Education Coordinating Board 	

	Consent Agenda	
	June 30 meeting minutes	1
	New degree programs for approval	
	<ul style="list-style-type: none"> • UW Seattle, Ed.S. School Psychology (Moderate Degree Change), Resolution 11-20 <p>This change would elevate the level of a graduate degree in School Psychology from Master of Science to Educational Specialist. The new level would benefit students and employers by more accurately conveying the length and depth of the curriculum.</p>	2
	<ul style="list-style-type: none"> • UW Tacoma, M. Accounting, Resolution 11-21 <p>This program would serve students seeking to enter or advance professional careers in accounting or obtain academic credit necessary to qualify for the Certified Public Accountant (CPA) examination. The curriculum would cover core accounting areas and include current topics, such as international accounting.</p>	3

8:40	State Economic and Revenue Forecast: Impact on Higher Education	
	Arun Raha, Executive Director, Economic and Revenue Forecast Council	
	<p>The state’s chief economist will review the September 15th update to the state economic and revenue forecast for the 2011-13 biennium. Higher education officials from Washington’s independent colleges, community and technical colleges, and the baccalaureate institutions will discuss the impacts of additional reductions in state funding.</p>	

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9:50 Strategic Master Plan Update**4****Introduction**

Staff will provide a broad overview of the master plan update, including next steps.

Perspectives on Higher Education

Opinion leaders from outside higher education and a separate panel of faculty, students and institutional representatives will engage in a discussion with board members centered on these questions:

1. What are the looming policy issues for higher education over the next three to five years?
2. What should comprise the “public agenda” for higher education in Washington?
3. Where should the state focus our scarce resources to make progress toward increasing education attainment?

10:00 Panel of business and community leaders

- David Fisher, former chair, WA Roundtable Education Committee, The Partnership for Learning, and the Academic Achievement and Accountability Commission
- George Scarola, Senior Advisor, League of Education Voters

11:00 • David Zeek, Publisher and President, The News TribunePanel of institutional representatives

- Mike Bogatay, Executive Director, Washington Student Association
- Lloyd Butler, Interim President, Pacific Northwest University
- Jim Fridley, UW Professor of Forest Resources
- Ahmadou Seck, former student body president, St. Martin’s University
- Faculty and student representative from the two-year colleges

12:00 Public Comment

Adjournment

Meeting Accommodations: Persons who require special accommodation for attendance must call the HECB at 360.753.7800 as soon as possible before the meeting.

Next HECB meeting: Nov 17, 9:00 – 4:00, UW Bothell



September 2011

Draft Minutes of June 30, 2011 Board Meeting

Board members present

Charley Bingham
Ethelda Burk, Chair
Roberta Greene
Bill Grinstein
Earl Hale, Vice Chair
Paul Ishii
Addison Jacobs
Sam Shaddox
Sam Smith

Welcome and introductions

HECB Chair Ethelda Burke opened the meeting at 9:00 a.m. and asked members of the audience and the Board to introduce themselves. She announced that Rachelle Sharpe, HECB Director for Student Financial Assistance, was sitting in for Executive Director Don Bennett, who was away on medical leave.

Paul Killpatrick, President of Seattle Central Community College, provided welcoming remarks. He said SCCC has about 10,000 students, including 3,000 from more than 50 foreign countries. Large populations of immigrants come to Seattle Central to learn English, most of them from China and Vietnam. Forty-nine percent of students identify as American Indian, Asian, Black, Hispanic/Latino, or “other” ethnicity.

Almost half the students are enrolled in college and university transfer classes, making it Seattle Central’s largest program. The college also has a large professional/technical component. It directs the operations of the Seattle Vocational Institute, which provides short-term job training programs. Additionally, SCCC operates two satellite branches: the Wood Construction Center in the Central District and the Seattle Maritime Academy in the Ballard neighborhood.

Regarding future growth, Killpatrick spoke about trying to emulate the Nevada model – looking 20 years out so college growth is not patchwork--and on building private/public partnerships. (Example: SCCC’s partnership with the Tukwila School District in which HECB Chair Burke serves as Superintendent.) Additionally, Seattle Central is working towards closer involvement with strategic partners and moving away from over-reliance on state funding.

Chair's Opening Remarks

Before proceeding to the day's agenda, Burke offered opening remarks on behalf of all the members, to call attention to the significant challenges facing students and institutions as Washington struggles to maintain access and affordability in higher education.

This year the Legislature approved the largest tuition increases in the state's history for the public institutions and removed most restrictions on future tuition hikes at the four-year institutions for an eight-year period. It did so while cutting higher education budgets 24 percent on average from 2009 levels. Students at the four-year institutions will pay 60 percent or more toward the cost of their education next biennium, while the state share will drop below 40 percent. Just a few years ago, those numbers were reversed.

The Board has consistently warned that over-reliance on tuition as a funding source for higher education will create profound negative consequences among students from the state's most rapidly growing demographic groups. The HECB believes the state, the public higher education institutions, and business leadership must continue to evaluate the true effects of the current funding decisions on the near and longer-term health and economic well being of our society.

Minutes of May Board meeting approved

<p>Action: Earl Hale moved for approval of the minutes of the Board's May meeting. Bill Grinstein seconded the motion, which was unanimously approved.</p>

Impact of 2011 legislative session on Student Access & Completion

Rachelle Sharpe discussed the potential impact of several major bills on student access and success.

E2SHB 1795 grants the four-year institutions tuition-setting flexibility for the next eight years with financial aid set-asides for the last four years. It sets new benchmarks for degree production and establishes new accountability metrics to monitor and improve student achievement, including a student achievement funding initiative. The HECB is assigned to develop an accountability monitoring and reporting system and each institution is required to develop a performance plan with the Office of Financial Management (OFM).

E2SSB 5182 eliminates the Higher Education Coordinating Board and creates a new Council for Higher Education whose duties will involve accountability monitoring. The bill also establishes a new Office of Student Financial Assistance, which will have responsibility for all financial aid programs now administered by the HECB and for the Guaranteed Education Tuition program.

ESHB 2088 creates a new Opportunity Scholarship Fund to provide public/private-funded scholarship accounts for low- and middle-income students.

ESSB 5749 authorizes an assessment of any changes needed to ensure the financial performance of the Guaranteed Education Tuition (GET) program.

Budgetary impact on institutions

Jim Reed, HECB policy coordinator, discussed the impact of the budget on institutions of higher education. The 2011-13 state operating budget provides \$32.2 billion in total General Fund appropriations or about 3.5 percent less than the 2007-09 state General Fund budget (\$33.4 billion). This budget shows a decrease of state support for the public universities and colleges by about 24 percent.

To offset reductions in state support, institutions were allowed flexibility in setting tuition rates. Tuition now accounts for:

- 61% of the research institution budgets.
- 63% of the comprehensive budgets.
- 36% of the CTC budgets.

To mitigate these increased costs to lower income students and families, the 2011-13 higher education budget added \$106 million to the State Need Grant, including \$500,000 for less-than-half-time students, and provided \$15.6 million for State Work Study.

Institutional comment

Sherry Burkey, Western Washington University - Western is reinvesting in hiring new faculty, keeping their programs and not thinking of cutting classes. They are optimistic that new tuition increases would allow them to do more – protect quality and access and refocus on the university's strengths.

Doug Wadden, University of Washington - Investments are going into teaching assistants and faculty; business, engineering and environmental programs; and lower division classes. International students basically subsidize the other students (mostly in STEM degrees) and contribute to diversity.

David Prince, Community & Technical Colleges – The two-year colleges are over-enrolled (16%) and students are taking longer to finish; classes are being cut. The demand is great but the colleges are over-stretched.

Mike Reilly, Council of Presidents – The four-year institutions have physical capacity but not funding capacity. Growth is more aspirational than real.

Impact of financial aid on students

Sharpe provided a brief presentation on the status of state financial aid programs and described typical aid packages received by students.

A student panel from two- and four-year institutions discussed the important role state student financial aid programs play in helping them achieve academic success.

- Gabriel Brier, a journalism student at WSU, is a first generation college student. When she started, she did not have a clear path to higher education. She first enrolled at a community college for her AA degree, before transferring to Washington State University for journalism studies. Brier said financial aid helped her focus on her major and secure internships, which would have been impossible without financial aid.

- Angela Carranza is currently enrolled at Seattle University where she transferred directly from a community college. Her parents are immigrants to this country. Financial aid and State Work Study are helping her go to college.
- Alejandro Cortes, a student at Seattle Central Community College, grew up in foster homes and was involved in gang violence before he found his way to college. He said financial aid became almost his parent, showing him what is possible. He plans to enroll in psychology and law.

Strategic Master Plan work session

A Master Plan Advisory Committee has been formed to review progress since 2008 on three main Strategic Master Plan goals: increase educational attainment, promote economic development and innovation, and monitor and fund higher education for results. The committee will propose next steps for continuing progress on the goals, which will be considered for adoption at the Board's November meeting and forwarded to the Legislature for consideration during the 2012 regular session.

A panel of institutional representatives addressed Goal 3 of the master plan regarding funding performance and results. The discussion focused on the importance of accountability as a lever to foster access and affordability, as well as how to establish a common set of accountability and performance measurements from a broad spectrum of accountability measures now in play.

- *Jim Schmidt, Office of Financial Management.* Performance measures are like barnacles. We never scrape them away. We need to look at what is really meaningful and focus on those.
- *David Prince, State Board for Community & Technical Colleges.* Accountability has three legs: funding, metrics, and continuous improvement. Whatever is measured has to be timely so it can be acted upon. Change must be supported by data. Let us look at metrics that all the sectors can share and hold everyone accountable. The next HECB has to work closely with each institution.
- *Mike Reilly, Council of Presidents.* Where do we make the call between aspiration to what is realistic? Accountability allows institutions to focus on the real work. Transparency is critical to the process. The four-years continue to improve on graduation rates and degree productivity. Reilly likes the broader context of "Compete to Complete." The metrics are disaggregated so issues that need to be worked on are easier to isolate.
- *Andrew Lewis, UW Student Association.* There is definitely a need for stronger state oversight and more transparency from the institutions. Case in point: the UW Regents just approved a 20 percent tuition hike. The students heard about the pending action three days before the Regents' meeting. Students need more lead time and advance information on actions that could potentially impact them.

The next HECB should maintain the goal of providing students with affordable education, as well as academic excellence and access. The state must maintain active interest in system wide higher education issues. It is important that students are not dead-ended and can count on upward mobility through higher education.

Board Discussion

Sam Smith and Bill Grinstein asked who would make sure performance measures are being adhered to. Who would hold the institutions accountable? Roberta Greene asked about consequences.

Addison Jacobs - *Goal 3 is about results. How do we as a total system make results happen and who and how will that be measured? How do we get the collective system to get that wider output over all? Our ability to compete globally requires us to lift the whole boat together.*

Sam Shaddox asked if student debt load could be made part of institutional accountability as a measure of efficiency relative to time-to-degree. He commented that the poor quality of advising through undergraduate programs results in increased time to completion for students, and consequently, higher debt loads. Reilly said the institutions would be reluctant to consider debt load as an accountability measure but thinks it's important to monitor it from the state view.

Earl Hale stated that accountability measures should be policy driven. He said there is no need for 210 performance measures.

Education Committee Information and Action Items

New degree proposal approved: UW, Bachelor of Science in Aerospace Engineering

A Bachelor of Science in Aerospace Engineering will be offered jointly by the University of Washington and the United Arab Emirates University in Abu Dhabi under a 10-year agreement. The agreement would cover costs related to joint research programs, faculty exchanges, and the degree program in question. Staff recommended approval after careful review of the program proposal.

The Board's Education Committee and other Board members approved **Resolution 11-12** at the Committee's June 8 meeting. Board members in attendance were: Sam Smith, Bill Grinstein, Ethelda Burke, Roberta Greene, Jesus Hernandez, and Charley Bingham.

Proposed changes to program approval and review policies approved

The HECB has responsibility for the approval of new degree programs and review of existing programs to ensure programs meet student, employer and community needs, are free of unnecessary program duplication, and ensure wise use of state resources. At the Board's January meeting, staff began the public process on a set of changes to the program approval and review policies. Since that time, the Board has worked closely with the institutions on a range of changes intended to improve responsiveness to the state's needs while also ensuring that program planning and development are better integrated with the Strategic Master Plan for Higher Education and resource planning for the state's higher education system.

Specifically, the changes to program approval would:

- Streamline the process.
- Establish a two-part process, with the first part focusing on the documentation of demand for the program.

- Align initial proposed program requests with the budget process.
- Reduce reporting requirements for contracts to offer programs with community and technical colleges.
- Ease approval requirements for established programs offered at new locations (including online delivery).
- Provide for staff review of moderate extensions of existing programs with a simple annual report to the Board listing approvals.
- Establish a new policy for extensions of programs to locations outside of Washington (including international sites) and
- Establish criteria for reestablishing suspended programs.

The program review changes would remove many of the specific reporting requirements, particularly narrative sections, draw on state systems for monitor program status, and review similar programs across the state on the same schedule.

Action: Bill Grinstein moved for approval of *Resolution 11-13* adopting the proposed changes to the program approval and review policies. **Ethelda Burke** seconded the motion, which was unanimously approved.

HECB endorses Western Governors University, Washington

With the passage of HB 1822 this year, the Legislature opened the door to Western Governors University Washington. Consistent with the legislation, the proposed resolution from the Board's Education Committee, recognizes and endorses online competency-based education as an important part of Washington's higher education system and directs staff to work with WGU to eliminate unnecessary barriers to the delivery of competency-based education and to integrate WGU Washington into Washington's higher education policies and strategies.

Action: Roberta Greene moved for approval of *Resolution 11-14* endorsing Western Governors University Washington. Paul Ishii seconded the motion, which was unanimously approved.

New degree programs approved

The Education Committee reviewed the programs listed in the consent agenda and recommended approval of all five new degree proposals.

Action: Roberta Greene moved for approval of *Resolutions 11-15, 16, 17, 18 and 19* adopting five new degree programs:

1. **CWU MS Computational Science**, *Resolution 11-15*
2. **EWU Ed.S. School Psychology** (Moderate Degree Change),
Resolution 11-16
3. **UW Bothell BS Electrical Engineering** (Change in Approval Conditions),
Resolution 11-17
4. **UW Seattle MS Computational Linguistics** (Moderate Degree Change),
Resolution 11-18

5. **UW Tacoma BA History**, *Resolution 11-19*

Addison Jacobs seconded the motion, which was unanimously approved.

The meeting adjourned at noon.

September 2011

DRAFT: Educational Specialist in School Psychology University of Washington Moderate Degree Change

Proposed Change Description and Rationale

The University of Washington (UW) proposes to change the level of its existing Master of Education (M.Ed.) in School Psychology degree to an Educational Specialist degree (Ed.S.) in School Psychology. If approved, the change would take effect Fall 2011. No new students would be admitted to the M.Ed. program; however, current M.Ed. students would be able to choose between graduating with an M.Ed. or Ed.S. degree.

The change would not require a change to the curriculum since the current Master of Education degree already meets the requirements for an Educational Specialist degree. The University of Washington is requesting this change because the Educational Specialist degree level more accurately conveys the length and depth of the curriculum.

Staff Analysis and Recommendation

Ed.S. programs typically require three years of full-time study – placing them between the usual requirements for master’s and doctoral programs in terms of length and depth. At 124 quarter credits, the M.Ed. program currently requires a level of student effort commensurate with an Ed.S. The National Association of School Psychologists recognizes this by classifying the UW’s M.Ed. as a specialist-level program. Furthermore, both external reviewers support changing the degree level to Ed.S.

The proposed change meets moderate degree change criteria since it alters the degree level but not other aspects of the program. The new title would benefit students and employers by clearly communicating the extent of the program’s academic and field work, and it would benefit the community by enhancing the UW’s ability to recruit high-caliber students.

After careful review of the proposal and supporting materials, Higher Education Coordinating Board (HECB) staff recommends approval of the Educational Specialist in School Psychology degree at the University of Washington. The HECB Education Committee discussed the proposal during its September 6, 2011 meeting, and recommended approval by the full Board.

RESOLUTION NO. 11-20

WHEREAS, The University of Washington proposes to offer an Educational Specialist in School Psychology degree; and

WHEREAS, The degree would result from changing the degree level of the university's Master of Education in School Psychology to Educational Specialist in School Psychology; and

WHEREAS, The change would benefit students and employers by clearly indicating the level of academic and field work required; and

WHEREAS, The change would benefit the community by enhancing the university's ability to recruit high-caliber students; and

WHEREAS, The change meets moderate degree change criteria;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board approves the Educational Specialist in School Psychology degree at the University of Washington, effective Fall Quarter, 2011.

Adopted:

September 29, 2011

Attest:

Earl Hale, Vice Chair

Bill Grinstein, Member

September 2011

DRAFT: Master of Accounting University of Washington Tacoma

Introduction

The University of Washington Tacoma (UWT) proposes to offer a Master of Accounting degree beginning Fall 2012. This self-supporting, 45-quarter credit program would be administered by the Milgard School of Business, which offers a B.A. Business Accounting option. The proposed master's program would serve students seeking to enter or advance professional careers in accounting or obtain academic credit necessary to qualify for the Certified Public Accountant (CPA) examination.¹ Enrollment would start at 38 FTE (25 headcount) students in 2012, increasing to 53 FTE (35 headcount) students in 2016. At that time, 33 students per year would graduate, ready for a range of accounting careers.

Relationship to Institutional Role and Mission and the Strategic Master Plan for Higher Education in Washington

The proposed program would support the university's mission of offering a curriculum that balances core knowledge and skills with responsiveness to student and community need. Since good accounting information helps investors, lenders, and regulators make sound economic decisions, the proposed program would also support the *Strategic Master Plan for Higher Education's* economic prosperity goal.

Program Need

The HECB's *Regional Needs Analysis Report* (April, 2011) ranks accountants and auditors eighth among the top 50 Pierce Region growth occupations requiring a postsecondary credential.² Employer demand is corroborated in the program proposal by testimonials from several regional employers and strong national data. The U.S. Bureau of Labor Statistics' *Occupational Outlook Handbook* (2010-11 Edition) indicates employer demand for accountants and auditors is expected to grow by 22 percent between 2008 and 2018, which is much faster than the average for all occupations.

¹ Since July 1, 2000, candidates in Washington must complete five years of full-time higher education (225 quarter or 150 semester credit hours) prior to taking the CPA exam.

² Higher Education Coordinating Board. *Regional Needs Analysis Report* (2011). Page 68.

Local students would benefit from the proposed program because they would no longer have to leave Tacoma to obtain an accounting master's degree while earning the credits to qualify for the CPA exam. In a Winter 2011 survey administered to 73 UWT undergraduate accounting seniors, more than 60 percent of the 62 respondents expressed a desire to pursue a UWT graduate accounting program. Program planners estimate that initially 20 UWT baccalaureate accounting graduates per year will enroll in the proposed program, increasing to 25 per year by 2016.

The accounting profession has increased in complexity to the point where most states (including Washington) require students to complete at least five years of college-level coursework prior to taking the CPA exam, thereby creating community demand for master's-level programs. The proposed program would respond to this community demand. In addition, the local community would benefit from student internship work.

Although several institutions offer master's-level accounting programs in Western Washington, none are located in Pierce County. Thus, the program would not duplicate existing programs.

Diversity

The Milgard School intends to emphasize diversity in its advertising, using a number of media outlets to help recruit underrepresented students. These outlets include Insight into Diversity, Black Collegian, Diverse Issues in Higher Education, Hispanic Outlook, Latinos in Higher Ed, Women in Higher Education, and Workplace Diversity.

In addition, the School, which has a diverse faculty, intends to actively involve faculty in recruitment and mentoring of underrepresented students. Furthermore, the School would develop an assessment process that includes elements such as exit surveys to elicit feedback on the proposed program's effectiveness in fostering diversity.

Program Description

The proposed 45-quarter credit professional program aims for its students to develop critical thinking, teamwork, and communication skills, as well as the ability to research complex accounting-related issues and apply findings. It would build on students' undergraduate education, enhancing their understanding of accounting and its role in improving economic decisions.

Students holding non-accounting undergraduate degrees would be accepted conditionally, with the requirement they complete prerequisites in intermediate accounting, cost accounting, auditing, and individual income taxation. Students who already hold an undergraduate accounting degree could complete the proposed program in one academic year. Part-time students and candidates from other disciplines would take longer.

After admission, students would complete 10 four-credit courses and a five-credit internship or independent study. The curriculum would include graduate courses in financial, management, international, and governmental/non-profit accounting. It would also include business taxation, tax research, financial statement analysis, advanced auditing, and business law and ethics.

In addition, students would complete either a workplace internship or independent study research project, with either choice requiring students to apply advanced accounting knowledge to a specific area and demonstrate mastery. In addition to covering traditional core accounting areas, the proposed program would respond to current trends in the field by covering international and forensic accounting, as well as corporate social reporting.

About two-thirds of courses would be taught by tenured/tenure-track faculty, with the remainder taught by affiliate faculty lecturers who would hold either a J.D. or Ph.D. They would be selected on the basis of their expertise and professional experience in areas such as business law and taxation.

Both student learning and program assessment would use multiple measures. Student learning would be assessed through homework, exams, class participation, and projects, as well as a final internship/independent study report. Program assessment would employ student course evaluations, annual online program evaluation surveys, group discussion with students, faculty peer evaluations, alumni focus groups, employer focus groups consisting of managers of program graduates, and graduate performance on the CPA exam.

The Milgard School is currently accredited jointly with the UW Seattle's Foster School of Business and the UW Bothell's business program by the Association to Advance Collegiate Schools of Business (AACSB). However, the AACSB would like the three programs to seek separate accreditation when the next accreditation review occurs (in five years).

The AACSB website lists the UW as being accredited in both business and accounting. Currently, the Milgard School plans to seek separate AACSB business accreditation but not separate accounting accreditation. It has made this decision based on a cost-benefit analysis. According to program planners, many (and probably most) business schools have only business accreditation.

Program Costs

The proposed program would enroll 38 FTE students the first year, increasing to 53 FTE students the fifth year. During the first five years, it would require 1.5 FTE instructional faculty, including 1.05 FTE tenured/tenure-track faculty (of whom 0.15 FTE are to be hired) and 0.45 FTE lecturers (of whom 0.15 FTE are to be hired). It would also require 1.15 FTE administrative faculty and staff (including a 0.15 FTE faculty director). It would not require any new infrastructure.

During start-up, some faculty would be paid on an "overload" basis. The program will be hiring an additional full time accounting faculty member to increase overall capacity and free up existing faculty to teach in the program without resorting to overload.

At full enrollment, the direct cost of instruction would be \$251,720, or \$4,749 per average annual FTE student. This is at the low end of the graduate business cost range reported in the HECB's 2005-06 *Education Cost Study* (July 2007). The proposed program would be self supporting, funded through tuition and fees. A student entering in Fall 2012 would pay either \$19,800 (Washington residents) or \$24,750 (nonresidents) to complete the program in three quarters. This is comparable to what students would pay for UW Seattle's master's-level accounting program.

External Review

Two external reviewers evaluated the proposal: Dr. Gerald J. Lobo, Professor and Chair, Department of Accounting and Taxation, C.T. Bauer College of Business, University of Houston; and Dr. Pradyot K. Sen, Professor, Department of Accounting, College of Business, University of Cincinnati. Both reviewers recommended approval of the proposed program, and both noted the quality of the program's design.

Neither suggested any improvements. Dr. Lobo called the proposed program "...comprehensive, complete, integrative and innovative." Dr. Sen said the program "...has the potential to become not only a premier regional program; it has the potential to become a program of national reputation."

Staff Analysis

The proposed program would expand access to higher education in the South Puget Sound Region in a way that supports the *Strategic Master Plan for Higher Education* and UWT's mission.

The proposed program would respond to employer, student, and community demand at a reasonable cost without duplicating other programs. It would provide an attractive way for students in Pierce County to obtain a graduate accounting degree while earning the fifth year of academic credit necessary to qualify for the CPA exam.

Both external reviewers noted the quality of the proposed program's design. In addition to covering core areas, the curriculum would respond to current trends in the field. Student and program assessment would both employ multiple measures.

The Milgard School does not intend to seek separate AACSB accounting accreditation when its joint accreditation with other UW programs expires. While this is not ideal, it is important to note that lack of AACSB accounting accreditation will not affect students' ability to sit for the CPA exam or obtain licensure.

Staff Recommendation

After careful review of the proposal and supporting materials, staff recommends approval of the Master of Accounting at the University of Washington Tacoma. The HECB's Education Committee discussed the proposal during its September 6, 2011 meeting and recommended approval by the full Board.

RESOLUTION NO. 11-21

WHEREAS, The University of Washington Tacoma proposes to offer a Master of Accounting; and

WHEREAS, The program would support the Strategic Master Plan for Higher Education, as well as the university's mission; and

WHEREAS, The program would use multiple diversity-enhancing strategies; and

WHEREAS, The program would respond to student, employer, and community demand at a reasonable cost without duplicating existing programs; and

WHEREAS, The program has support from external reviewers; and

WHEREAS, The program represents a logical extension of University of Washington Tacoma's existing undergraduate accounting program;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board approves the Master of Accounting at the University of Washington Tacoma effective September 29, 2011.

Adopted:

September 29, 2011

Attest:

Earl Hale, Vice Chair

Bill Grinstein, Member



September 2011

Update to the Strategic Master Plan for Higher Education Purpose Statement

This year the HECB is required to update its *Strategic Master Plan for Higher Education*, four years after its development in 2008 (RCW28B.76.200). In light of today's uncertain economic climate, it is more critical than ever that Washington have strong direction guiding its higher education system.

The Master Plan was developed by a large group of policy-makers, educators, business and industry leaders, and higher education to develop a plan with a 10-year scope - the first such long-range plan attempted in Washington. As such, the plan was supposed to encompass a vision of what our higher education system would become - especially in light of the need to help our rapidly growing population achieve much higher levels of education. The plan was visionary and designed to serve societal, economic, personal, and governmental needs the entire state. Unfortunately, shortly after the Master Plan was developed there was a huge economic shift, which calls for us to re-examine the Plan to determine which parts can realistically be accomplished, given the current economic environment.

An Advisory Committee to the Update to the Master Plan, composed of leaders from colleges and universities, state agencies, the legislature, business and industry, and non-profit groups has met twice, July 18 and August 29, to focus on the most essential "next steps" for higher education. The group's purpose is to provide the Board with its best thinking and recommendations about where we have made progress -- and where we have not - on the Master Plan goals and advice on "next steps" for higher education in Washington. The Advisory Committee will also consider whether there are some paramount strategies on which the state should focus to show demonstrable gains in educational attainment.

When the Master Plan was developed in 2007-08, Washington's future looked different. As a result of the Great Recession, the Master Plan goals, set just four short years ago, may be difficult to attain. Public appropriations for higher education - at least in the near term- are not going to be increased. In today's economic climate, it is not possible to do everything. The Update to the Master Plan process provides Washington with the opportunity to look at what we have accomplished and what we have yet to do, and to engage in some fresh thinking that may point the way toward new models that fit 21st Century education.

Advisory Committee

Vi Boyer, Independent Colleges of Washington
Ethelda Burke, HECB and Tukwila School District Superintendent
Heather Cope, League of Education Voters
Kim Cushing, Counsel, Senate Higher Education and Workforce Development Committee
Randy Dorn, Office of Superintendent of Public Instruction
Charlie Earl & Jan Yoshiwara, State Board for Community and Technical Colleges
Cody Eccles, Staff Counsel, Republican Caucus
Chris Endresen, Prosperity Partnership
David Fisher, WA Roundtable
Rex Fuller, Eastern Washington University
Jean Floten, Western Governors University-WA
John Gardner, Bainbridge Graduate Institute
Leslie Goldstein, Governor's Office
Jesus Hernandez, HECB & Latino population
Jan Ignash, Higher Education Coordinating Board
Derek Kilmer, Senator
David Mitchell, Olympic College
Steve Olswang, City University
Eleni Papadakis, Workforce Training and Education Coordinating Board
Mike Reilly, Council of Presidents
Becca Kenna-Schenk, Democratic Caucus
Larry Seaquist, Representative
Sam Shaddox, Higher Education Coordinating Board Student Representative
Jane Sherman, Washington State University
Kathe Taylor, State Board of Education
Madeleine Thompson, House Higher Education Committee
Doug Wadden, University of Washington
Jill Wakefield, Seattle Community College District
Gena Wikstrom, Northwest Career Colleges
Michael Zimmerman, Evergreen State College

Kitchen Cabinet

Jan Yoshiwara, State Board for Community and Technical Colleges
Vi Boyer, Independent Colleges of Washington
Kathe Taylor, State Board of Education
Mike Reilly, Council of Presidents
Eleni Papadakis, Workforce Training and Education Coordinating Board

College Bound Scholarship: Washington's solution to improving completion rates for students from low-income families

Background

Washington currently ranks 40th nationally in the percentage of low-income students participating in postsecondary education (*Postsecondary Education Opportunity*, September 2010). Within 10 years, these students will represent 33 percent of the high school graduating class and, without intervention, 72 percent of students from low-income families are unlikely to aspire to college, let alone enroll.

The College Bound Scholarship supports the goals of the state's *2008 Strategic Master Plan for Higher Education* to make college more affordable and accessible, to raise educational attainment, and to create a college-going culture in Washington.

The College Bound Scholarship program was created in 2007 to provide an early commitment of financial assistance to low-income students who want to achieve the dream of a college education. The scholarship is available to students who meet income requirements for the free- and reduced-price lunch program, and who sign up in their 7th or 8th grade year.

Students pledge to graduate from high school, stay out of legal trouble, and gain admission to a participating campus. To receive the scholarship, students must meet the income standard at the time of enrollment (65 percent MFI).

Successes

Partnerships

The basis for successful sign-up and support efforts has been strong partnerships with the K-12 system, community-based and college access partners, and non-profit organizations. Statewide partners have included OSPI, SBE, AWSP, WSSDA, WASA, ESDs, CSF, WCAN, GEAR UP, TRiO, CCER, NELA, and more. A few of the strategies employed by these partners have been:

- College Success Foundation's placement of College Bound Counselors in each of the nine Educational Service Districts to assist individual schools, counselors, and teachers in reaching eligible students.
- Community-wide sign-up and support events hosted at local colleges.
- Targeted sign-ups such as a personalized letter from the school to eligible families and CB information in parent/teacher conferences.

A data-sharing agreement with OSPI allows schools and the HECB to monitor the progress of College Bound students.

Leveraged funding for support (state, federal & private)

A combination of state funding provided to OSPI and federal College Access Challenge Grant funding has provided resources for College Bound outreach and student support. Private funding has also been provided to partners to support local efforts.

Early investment will cover initial scholarship payouts

Coordinating with the State Need Grant (SNG), the College Bound Scholarship will fill the gap not covered by SNG for tuition at public rates plus a small allowance for books. In 2007, the Legislature allocated \$7.4 million which was invested in the GET pre-paid tuition program and has now grown to more than \$10 million. Those funds are anticipated to cover the first two years of payouts beginning in 2012.

Outreach & sign-up

To date, more than 88,000 students have applied for College Bound. For the first four cohorts, about 64 percent of eligible students applied. Nearly 74 percent of the most recent 8th grade cohort (in 2010-11) applied by the deadline. This trend is due in large part to the increasing number of 7th graders applying. Targeted outreach and support of schools and districts have led to more even sign-up numbers across the state.

Support for students in middle & high school

Many programs have folded College Bound into student identification and support services (TRiO, GEAR UP) across the state. There are several examples of community efforts to rally around College Bound students as a means to improve educational outcomes in their area. For example, Tacoma's "Tacoma Community Support Network" which includes the College Success Foundation, Tacoma Public Schools, and civic and community organizations, reviews data to evaluate the outcomes of College Bound students and targets support to students in need.

The Washington College Access Network of professionals has embraced College Bound as core to its mission. The Community Center for Educational Results is building a civic initiative to improve education in South Seattle and South King County and has identified College Bound as a "powerful system-changing action and strategy." These and many other examples of partnerships have recognized the importance of supporting students after they have taken the first step to apply and offer needed personalized intervention throughout the middle and high school years.

Postsecondary involvement

Many campuses have requested contact information for College Bound students to provide early outreach. Several have provided information in the "Campus Corner" section of the student newsletter JUST IMAGINE!! Campuses have also provided facilities and support to College Bound events.

In addition, 80 postsecondary support staff attended a summer workshop to discuss identifying, welcoming and supporting College Bound Students beginning in 2012. Dr. Scott Evenbeck shared lessons learned from Indiana University-Purdue University at Indianapolis supporting twenty-first Century Scholars on campus. Sessions were presented regarding successful mentoring and retention strategies.

Suggested Solutions to Sustain Support

1) Scale successful sign up and support strategies statewide.

- Continue to develop opportunities for districts to share best practices with similar size/population districts.
- Ensure GEAR UP support is available in all schools with significant free- and reduced-price lunch populations.
- Strengthen coordinated efforts with OSPI – data sharing, nutrition services, NAV 101, alternative schools, *Readiness to Learn*, etc.

2) Address common concerns (students who do not qualify, GPA, etc.).

3) Dedicate scholarship funding.

4) Formalize support on campuses to provide a continuum of services to College Bound students

“We must couple financial support with (mandated) programmatic support and . . . supporting student success with programmatic elements that address needs beyond financial and traditional academic support such as a road map for success, campus advocate, intervention at critical points, support to participate in high-impact activities” (Evenbeck, 2011)

- Support all College Bound students regardless of the scholarship dollars received.
- Formally celebrate the success of College Bound students at each institution and statewide.
- Begin to develop a database for College Bound alums to encourage them to “reach back” to support younger students.

SMP Update Degree Goal Costs

Promising College Completion Efforts

College Completion Tool Kit

The U.S. Department of Education recently released a “College Completion Tool Kit” intended to support the higher education attainment goals set by the Obama administration. These goals are consistent with the state’s Strategic Master Plan for Higher Education. The tool kit lays out strategies for achieving higher levels of attainment based on growth of jobs requiring postsecondary education, higher income levels associated with additional years of education, and increased educational attainment levels in competing nations.

The Toolkit highlights seven strategies and metrics to achieve greater educational attainment:

- 1) Set completion Goals and Develop Action Plans.** The first strategy is focused on the need for purposeful statewide planning that involves both K-12, higher education, adult education, workforce training, and business leaders. The document points to states that have successfully created P-20 councils to address short-term and long-term completion goals and have developed state action plans. The document also notes the importance of leadership by governors in moving toward these goals.
- 2) Embrace Performance-Based Funding of Higher Education.** A number of states have begun to fund higher education based, at least in part, on progress and completion rather than solely on enrollments. This includes the Student Achievement Initiative in Washington. A more detailed discussion of performance funding approaches is included in the packet.
- 3) Align High School Graduation, Workforce Training, and Adult Education Expectations to Public College Admission and Placement Requirements.** Adoption of common core standards or other standards that align high school and postsecondary expectations are important pieces of this strategy. In addition, it is critical that the sectors work together on a continuing basis and that students are assessed for college readiness in secondary school so students and schools can make curricular adjustments prior to graduation and therefore reduce remediation.

The report also notes the importance of providing opportunities for students to earn college credit while in high school through concurrent enrollment or dual credit programs. Last session the Legislature passed, and the Governor signed, ESSHB 1808, which will ensure academically prepared students in Washington have an opportunity to earn one year of college credit in high school through a variety of dual credit and dual enrollment options. These include Running Start, College in the High School, Advanced Placement, and International Baccalaureate.

- 4) Make it Easier for Students to Transfer Among Colleges.** The plan highlights the need for state-level transfer policy. Strategies include development of state-level articulation agreements. In Washington these would include the Direct Transfer Agreement (DTA) and Associate of Science-Transfer (AS-T) degree. The plan also recommends including successful transfer among the performance rewards (for both the sending and receiving institutions).

- 5) Use Data to Drive Decision Making.** Ensure student-level data is available at the state level that will allow for analysis of progress and completion across sectors and levels of education. The report outlines a number of elements that should be included, such as demographic characteristics, enrollment and completion data, grades, test scores, courses taken, and ability to match teachers to students. The report also recommends development of data dashboards to provide timely information on key indicators.
- 6) Accelerate Learning, Reduce Costs, and Stabilize Tuition Growth.** The report points to the need to stabilize tuition growth and asserts that institutions can both cut costs and raise quality by:
- Redesigning courses and leveraging technology based on recommendations from the National Center for Academic Transformation;
 - Making greater use of open courseware; and
 - Reducing administrative costs.

The report also points to the critical need to stabilize state funding for higher education and highlights an approach used in Oregon to transition from state support to a public / private endowment to fund the University of Oregon.

- 7) Target Adults, Especially Those with “Some College, but No Degree.”** The final strategy is to focus on adults with some college and no degree. Getting more students to go from high school to college is important but not sufficient to meet the goals laid out by the administration. Nationally, roughly the adult population has at least a high school diploma but no postsecondary degree.

The report points to a number of strategies to serve these students including greater use of prior learning assessments, partnerships with employers to award credit for specific training, appropriate developmental education and placement, and completion programs designed to get students who are close to a degree but have not completed yet. Project Win-Win, though not cited in the report, is an excellent example of this last strategy.

Project Win-Win

The Institute for Higher Education Policy (IHEP) and Lumina Foundation for Education have begun a new initiative—working with both community colleges and four-year institutions in select states—to find formerly enrolled college students whose academic records qualify them to be awarded an associate degree retroactively. The three-year \$1.3 million effort, called “Project Win-Win,” also hopes to identify former students who are “academically short” of an associate degree by nine or fewer credits and re-enroll them to earn a degree.

The project includes 35 community colleges and four-year institutions in six states: Louisiana, Missouri, New York, Ohio, Virginia, and Wisconsin. For each school, this is a two-year, multi-part process involving a detailed examination of institutional data that includes: identifying students, matching student records with state system records and other available data, conducting degree audits to determine student eligibility, determining any administrative barriers to degree award for those who are eligible, and contacting potential degree earners to help them finish their degrees.

During the 2009-10 academic year, nine Project Win-Win institutions first participated in a pilot program in partnership with Education Trust. The original seven-month project awarded nearly 600 associate degrees and identified almost 1,600 students who were considered potential degree recipients.

While considered successful, the pilot program also identified several challenges along the way, including problems with changes in local data systems, incompatibility between local and state data, insufficient degree audit software, missing transcripts from other institutions, and locating students who might be eligible for degrees, among others. Nonetheless, based on the early results from the pilot institutions, extending the estimates across all of U.S. higher education would mean, at minimum, a 12 percent increase in the number of associate's degrees awardedⁱ.

Project Win-Win is focused on completion of an associate degree. However, the same approach could be implemented for baccalaureate completion.

The basic scenario for all participating institutions involves seven stepsⁱⁱ:

- 1) Identifying students in their data systems who had entered the institutions at any time after 2001, earned at least 60 credits and the minimum grade point average required for graduation, but who had never received the associate degree and had not been enrolled at the institution for at least a year;
- 2) Matching that initial list against state system records to determine who is either currently enrolled elsewhere in the state or earned a degree from another state institution, and removing them from the population under consideration;
- 3) Sending the reduced list from step 2 to the National Student Clearinghouse to determine if anyone on the list is currently enrolled in another state or received a degree in another state, and removing them from the group under consideration;
- 4) Subjecting each student from the residual list in step 3 to a “degree audit” to reach a final determination on degree eligibility;
- 5) For all degree “eligibles” determine whether there are any administrative “holds” on degrees and resolve as many of these as possible;
- 6) For all those for whom the degree audit determined “academic shortfall” by nine or fewer credits, find these “potential” degree earners; and
- 7) Provide as many in step six as can be found with templates for finishing degrees that include formal class work, credit-by-examination, and/or development and review of a dossier that documents and validates experiential learning.

This process takes two years to complete, with the largest amount of time spent on degree audits and locating the potential degree-completers.

ⁱ Based upon press release provided by Institute for Higher Education Policy, August 25, 2010. www.ihep.org/press-room/news_release-detail.cfm?id=189

ⁱⁱ Institute for Higher Education Policy. www.ihep.org/qualifiedstudents.cfm. Downloaded August 22, 2011.

August 2011

Performance-Based Funding

A number of states have made progress in implementing performance-based funding and accountability. This policy brief summarizes main features of performance-based funding systems in three states: Tennessee, Ohio, and Indiana. The brief also identifies key issues that states considering performance-based funding must address, as well as recommendations for states wishing to implement PFB.

As a special note, this briefing paper follows the common practice of using the terms “performance-based funding” and “outcomes-based funding” interchangeably.

Tennessee¹

Tennessee was one of the early adopters of PBF. Its model has received quite a bit of national attention. Similar to the SBCTC’s Student Achievement Initiative, the Tennessee outcomes-based funding model rewards institutions whose students persist and complete degrees, instead of basing funding on enrollment. The Tennessee Higher Education Commission (THEC) implemented the new outcomes-based funding formula during the development of the 2011-2012 fiscal year budget recommendations to their Governor.

THEC collects prior academic year (2009-10) data showing the:

1. Number of students accumulating **24 semester credit hours**.
2. Number of students accumulating **48 semester credit hours**.
3. Number of students accumulating **72 semester credit hours**.*
4. Number of **bachelor’s and associate degrees awarded**.
5. Number of **master’s and education specialist degrees awarded**.
6. Number of **doctoral and law degrees awarded**.
7. Total **non-state funding for external research**, service, and other sponsored programs.
8. Number of **students who transferred** to any public, private, or out-of-state institution at any time during the prior academic year, who had accumulated at least 12 semester credits prior to transferring.
9. Total number of **associate and bachelor’s degrees conferred** divided by the year-round, end-of-term undergraduate FTE generated.
- 10. Six-year graduation rate.**

* For measures 1 through 4, THEC also reports the number of adult students (age 25 and over) and the number of low-income students (Pell-eligible at any time during their college career) who achieve these milestones. Forty percent of these totals are added to the overall total for each measure.

¹ See HECB Policy Brief, “Tennessee’s Performance Funding Model,” August 5, 2010. Available from the Higher Education Coordinating Board, Olympia, Washington

Each outcome measure is standardized into a Scaled Outcome. Total Points are calculated by multiplying the points by a weight unique to each measure and unique to each type of institution to reflect the varying institutional missions based on Carnegie Classification system. Included in the formula calculations are the average faculty salary of similar Carnegie institutions within the 13-state southern region and fixed costs, which includes maintenance and operations, utilities and equipment replacement. Institutions can earn up to 5.45 percent of base in supplemental dollars through the performance funding process.

One of the positive outcomes in Tennessee has been that “Our model is not dependent on just one variable--enrollment,” says Russ Deaton of the Tennessee Higher Education Commission (THEC). “Rather, we use about 10 variables to assess performance.” Presidents of the universities were consulted at every step along the way in building Tennessee’s model, so that institutional buy-in was a key feature. A recent concern, however, is that tuition dollars are undermining the formula for PBF. Tennessee officials state that another critical feature is the need for including the *right* data in the formula. THEC relies on the institutions to provide accurate data.

In response to criticism that Tennessee’s model only works in flush times, when performance-based funding dollars are an “add-on,” Russ Deaton stated, “Tennessee’s model works the same way up and down. There’s a finite pool of state money and it’s allocated yearly. So if there’s more money generally available, there’s more money for PBF. And it’s the same process and formula when there’s less money.”

Ohio

Ohio’s performance-based funding model has been implemented for several years. Their actual funding formula is based on a complex cost model² that operates at a micro-level and uses a significant amount of data. During the development of the 2010-11 biennial budgets, the Ohio Board of Regents implemented new SSI formulas designed to focus on student outcomes, although enrollment is still a critical underlying piece.

The formulas start with FTEs enrolled and the cost per FTE, then make adjustments for student course completion rates and, for main campuses only, degree completion. Additional adjustments are also made for enrolling low-income students, for low-income students who complete courses, and for enrollments in STEM fields. Most of the underlying data is reported by campus, by subject, and by level (e.g., undergraduate or graduate). The BOR develops a formula and recommends its use by the Legislature, which generally adopts the formula as is unless a lack of state revenue requires modification.

Part of Ohio’s formula includes calculating the average cost of instruction per student FTE for each campus for the most recent 6 years, normalizing each of the years of costs using the Higher Education Cost Index (HECA), and determining eligible FTE based on previous five years of FTE data by campus, subject, and level. Completions of undergraduate courses are weighted by campus, subject, and level, with priority weights for science, technology, engineering, mathematics, medicine and graduate programs.

² See HECB Policy Brief, “Ohio’s Performance-Based Subsidy Formula,” August 5, 2010. Available from the Higher Education Coordinating Board, Olympia, Washington.

A key feature is that operating expenses are funded at least at 98.5 percent of the FY2007 level. There also is a stop loss component, which allows 1 percent decreases each year up to 95 percent, after which this component will be removed from the formula. This component allows the BOR to phase in the formula in a way that ensures institutions do not experience a precipitous drop in earnings from the prior year.

An advantage of Ohio's model is that it closely ties performance at a micro-level (by campus, by subject, by level) to state funding with concrete consequences, especially once the stop loss measure is phased out.

Indiana

Indiana has aligned performance-based funding with the state's strategic master plan, entitled "Reaching Higher." Indiana allocates a portion of the operating base (5 percent, or \$61.4 million in 2011-13³) to fund its performance-based funding model and then distributes the funds based on priorities set by the Commission on Higher Education. The formula takes into consideration the different missions of each institution and uses seven common metrics.

A dashboard⁴ displays institutional progress on reaching the state goals for higher education, expressed in seven major areas:

- 1) Successful completion of credit hours
- 2) Successful completion of dual credit hours
- 3) Early college successful completion of credit hours
- 4) Low income degree attainment
- 5) On-time degree change
- 6) Change in degrees attained
- 7) Research incentive.

The performance-based funding formula that Indiana has adopted emphasizes degree production, with 60 percent of the performance-based dollars awarded for degree completion. The remaining 40 percent is distributed based upon other focus areas, including rewards to institutions for increasing research dollars gained from other sources and increasing credit hours students earn.⁵

³ 2011-13 CHE Budget Recommendations. Indiana Commission on Higher Education.

⁴ "Reaching Higher. Strategic Initiatives for Higher Education in Indiana. State-Level Dashboard of Key Indicators." Indianapolis: Indiana Commission on Higher Education. Available at [http://www.in.gov/che/files/Final_2010_Update\(3\).pdf](http://www.in.gov/che/files/Final_2010_Update(3).pdf)

Common Concerns about Performance-Based Funding⁶

As states get better in developing and implementing performance-based funding systems and formulas, they are beginning to respond to criticisms of performance-based funding. Some of the common criticisms and state responses⁷ are listed below:

1. “With the economic downturn, now is not the time to implement performance-based funding.”

The fact is that state legislators and policy-makers are reluctant to fund colleges and universities without tying funding to student progress and completion. PBF can be a way to convince policy-makers to provide *more* funding for higher education.

2. “By focusing on success, PBF threatens the access mission of higher education.”

Earlier versions of PBF did indeed have this weakness, but newer systems also reward progress, just as SBCTC’s Student Achievement Initiative does.

3. “Many aspects of student success just aren’t measured, like improving student learning and helping students get jobs.”

That was also true when we funded by FTE enrollment. Incorporating progress measures, like the SAI does, rewards institutions for retention and persistence, not just completion. Pennsylvania, for example, allows universities to select measures that reflect unique missions.

4. “Rewarding institutions for course or program completions could result in lowering standards if faculty simply pass students along.”

Having multiple measures help protect against “social promotion,” as does faculty professionalism and ethics; accrediting, licensing and employer standards; and splitting performance-based rewards on enrollment as well as progress and completion metrics.

5. “There is no evidence that performance-based funding works.”

Reasons why early PBF models failed included the fact that typically only 2 percent or less of the budget targeted performance, which was too small an amount to have much of an effect; unique institutional missions were ignored; consensus wasn’t reached on the reasonableness of targets for performance; and small categorical PBF programs were cut when legislatures cut budgets. Although newer PBF systems have yet to be evaluated, early results show promise. Pennsylvania, for example, reports a 10 percent increase in graduation rates and 15 percent increase in Latino student persistence.

⁶ This section summarized from Nancy Shulock, (May 2001), “Concerns about Performance-Based Funding and Ways that States Are Addressing the Concerns,” *HELP Brief*. Institute for Higher Education Leadership and Policy, Sacramento, California. Available at http://www.csus.edu/ihelp/PDFs/B_performance%20funding_05-11.pdf

⁷ Information in this section drawn heavily from the SHEEO Policy Conference session, August 8, 2011, “Outcomes-Based Initiatives.”

6. “How much of PBF is sustainable—and how much is engineered?”

A key feature in making PBF sustainable is to ensure that institutions have input into the formulas. Some “engineering” may be necessary to preserve the state’s public policy directives, such as not diverting funds for undergraduate completions to graduates, who complete at the highest rates. Kansas, Tennessee, and Pennsylvania have all paid attention to institutional input into PBF.

For example, although there has been no new money for three years in Kansas, the state is still using Outcomes Based Funding. Kansas allows institutions to craft their own agreements, resulting in 34 distinct agreements, with one part of university Presidents’ contracts tied to performance.

Tennessee queried the presidents at every step of the process. Pennsylvania uses a combination of five common core indicators and an array of other indicators from which institutions can select. Tennessee also sets specific interim targets each year, not in terms of percentages, but in actual numbers.

7. “Institutions are already ‘on it’ regarding performance and don’t need incentives.”

Overall, this criticism has validity. Faculty members do indeed get up every day concerned about their students and wanting to do the best job they can. One of the possible counterpoints to this criticism is that performance incentives are aimed at ensuring that state-level goals for student progress and degree completion remain highly visible.

8. “Colleges need stability to plan.”

Performance-based funding that is based upon seven to ten variables is more predictable than funding that is based on one variable—enrollment.

9. “Performance-based funding could have a negative impact on quality or standards of instruction.”

This concern is also somewhat valid. Time may allay that fear. Australia has had performance-based funding for a number of years. According to the Australian officials, “At first, all the conversation was about what PBF would do to quality. But you don’t hear that anymore.”

Recommendations for States

Among the recommendations for states wishing to implement performance-based funding initiatives from policy experts at the August 2011 SHEEO Policy Conference were those listed below:

1. Tie performance-based funding measures to the public agenda for higher education. Without goals, performance-based funding is simply a technical exercise.
2. Ensure that you have good data, which is critical to the success of the initiative.
3. Use different metrics for research and comprehensive universities and community and technical colleges. Define performance for audience and levels.
4. Keep metrics simple and be very clear about how metrics will be used.
5. Hold harmless at-risk populations; incentives must be fair.
6. Pay attention to the implementation strategy as well as the design of the performance-based funding system.
7. Put enough money into performance-based funding to make a difference.
8. Determine how much of the budget will be dedicated to performance-based funding—and whether the sources will be new or reallocated.
9. Determine a mechanism for allocating performance-based funding dollars. Should it be built into the regular funding model? Or designed as an add-on or categorical bonus?
10. Don't include tuition money with state appropriations in any metrics or formulas.

For questions or information about this Policy Brief, please contact Jan Ignash, Deputy Director, Higher Education Coordinating Board, Olympia, Washington at jani@hecb.wa.gov.

Report Review

“Making it Happen: Increasing college access and participation in California Higher Education: The role of private postsecondary providers”*

The authors of this report argue that the three public higher education systems in California cannot, by themselves, respond to increased demand for higher education. They propose that a broader framework is needed that incorporates the two private higher education systems (non-profit and for-profit) as well as the three public systems. In this framework they would function as five parts of one coherent system, collectively growing in capacity to keep pace with the state’s demand for an educated workforce.

They propose eight areas on which the state should focus:

- 1) Develop a common course numbering system and synthetic transfer system across all postsecondary institutions.** If the goal is to increase access to four-year institutions and to help the consumer/student, then all accredited institutions should be able to create a common course numbering system with identifiable outcomes such that a student can take a course such as English 101 at a community college and have those credits transfer to the public four-year institutions, a private non-profit college or university, or a for-profit institution.
- 2) Incentivize private-public partnerships that discount tuition.** The idea here is to develop voluntary public-private partnerships that are cost-neutral to the state and provide consumers with course offerings and majors in particular geographic regions that would otherwise be unavailable.
- 3) Outsource remedial courses to specialized private postsecondary institutions and other entities.** In some cases, remedial services could be outsourced to private non-profit and for-profit institutions that have a successful history of serving students in need of remedial work.
- 4) Incentivize non-profit private colleges and universities to enroll state-resident students over and above the average number of students they have had for the past three years.** To meet current and pending capacity challenges in certain fields, the authors propose, for example, to average the number of undergraduate students in attendance at an institution over the last three years and then provide a premium per student up to an additional 10 percent of the student population.

This could lead to potential benefits to the state in terms of enabling more students to participate in postsecondary education. The incentive for the private institution is a modest infusion of income, and the state would benefit from the ability to admit more students at a relatively small marginal cost at a time when alternative options may be foreclosed.

* Tierney, W.G. and Hentschke, *Making it Happen: Increasing college access and participation in California Higher Education: The role of private postsecondary providers*; http://cheпа.usc.edu/pdf/Making_It_Happen.pdf

- 5) **Outsource online learning and focus on competency-based, not credit-based learning.** The authors argue that national online institutions have the capability of offering significant numbers of courses that are frequently competency-based rather than credit-based. Students take courses at their convenience, scalability is generally not an issue, and campuses, obviously, are irrelevant. Insofar as the price structure is for time rather than credits, the potential exists for students to speed up their learning rather than have to wait four, five, or six years to get a degree. They point out that Indiana has adopted just such an approach.
- 6) **Lessen barriers to entry from out-of-state providers.** At a time when many public postsecondary systems are at or near capacity, states need to rethink licensure requirements when appropriate to remove unnecessary barriers for out-of-state providers (e.g., for-profit institutions) of higher education courses.
- 7) **Enhanced oversight to promote quality and growth.** One vital role of any state is to provide protection to its citizens, and the regulation of the for-profit industry is one of those roles. The point here is not to create so much oversight that potential providers are scared away from participating, but without an expansion of the bureau in the department of Consumer affairs, the state is exposing the citizenry to unnecessary risk.
- 8) **Create a statewide planning board that includes all sectors and enables greater coordination and programmatic coherence.** An entity for all of higher education helps coordinate planning and policy functions and arbitrates disputes among sectors and regions, while maintaining focus on the state's needs as a whole.

* Tierney, W.G. and Hentschke, *Making it Happen: Increasing college access and participation in California Higher Education: The role of private postsecondary providers*; http://cheпа.usc.edu/pdf/Making_It_Happen.pdf

September 2011

DRAFT: Focused List of “Next Steps” to Achieve the Master Plan Goals

Goal 1: Increase Educational Attainment (readiness, acceleration, completion)

1. Focus on increasing K-12 students’ participation in College Bound and provide the financial and mentoring resources for them to succeed.
2. Expand institutional enrollment capacity at existing sectors, institutions, branches, centers and online venues.
3. Support efforts to expand opportunities for adults with some credits already earned to complete their degrees.
4. Expand opportunities for 2- to 4-year transfer.
5. Promote acceleration strategies for both high school students and adult learners through Launch Year, Prior Learning Assessment, CTC Alternate Math Pathway, I-BEST, and pre-college reform.
6. Promote college and career readiness.

Goal 2: Promote Economic Growth and Innovation, Responding to Economic Demand, Pathways to Career Opportunities and Public/Private Partnerships

1. Grow capacity in high employer demand programs of study, recognizing the higher cost of these programs.
2. Provide incentives for students to enter programs in STEM/high demand degree production and areas of critical state needs. Leverage the state’s investment through Opportunity Scholarship Fund and Opportunity Expansion programs to meet labor market demand.
3. Encourage business and industry leaders to assist the colleges in innovation.
4. Engage the private sector in assisting and developing high employer demand capacity and research and innovation.
5. Define and develop K-12 through postsecondary program pathways, especially in high employer demand majors and careers.

Goal 3 Monitor and Fund Higher Education for Results

1. Funding and monitoring the higher education system should focus on completion results.
2. Build a focused accountability system that aligns with state goals to promote progress toward educational attainment.
3. Align incentives with degree production to increase number of the number of graduates.
4. Reward improvements rather than goals/targets.
5. Allow for flexibility in institutional mission within a focus on outcomes.
6. Improve data systems so that funding and monitoring is built upon good data.