New financial plan proposed to enable more Washington students to earn a four-year college degree

Includes new state funding formula and creation of $1 billion private endowment for student financial aid

SEATTLE – The Higher Education Funding Task Force today recommended the state adopt a new financial plan designed to ensure that more Washington state students can earn a college degree. The plan is based on an integrated approach that includes sustained state budget support and tuition flexibility for the state’s four-year universities, the creation of a new privately-funded endowment for student financial aid, and strengthened higher education accountability measures.

The task force, appointed by Gov. Chris Gregoire in June, includes leaders from business, education, agriculture, technology, law, and local government.

The task force’s recommendations are designed to increase the number of Washington students who earn a four-year college degree, including in the science, technology, engineering, and math disciplines that are likely to be central to future jobs. While Washington currently is one of the top states in the country for its percentage of college-educated residents, at more than 31 percent, the state is in the bottom third among states for graduating its own residents from college. By 2018, two out of three jobs in the state will require workers with at least some college education, according to a Georgetown University study.

“The state needs a new and sustainable financial plan that will enable more Washington kids to go to college,” said Brad Smith, chair of the task force and Senior Vice President/General Counsel at Microsoft Corporation. “This plan is designed to help create and fill more jobs and improve opportunities for our young people to succeed in an increasingly competitive world.”

Representatives of the task force presented their recommendations to the governor at an event at Aki Kurose Middle School in Seattle today.

Aki Kurose principal Mia Williams hosted the meeting to underscore the important role K-12 schools play in preparing students for college. “These kids – the 7th and 8th graders here today – are the ones we need to get ready for college so they can benefit from the opportunities that will be out there and so they can contribute to the economic vitality of our state,” Williams said.

In accepting the recommendations, Gregoire said: “Higher education is especially important as Washington is home to cutting-edge companies in life sciences, aerospace, technology and software. Unless our kids are ready and qualified to fill these positions being created by these companies, the jobs will go to people from out of state or from other countries.”
Laura Peterson, Boeing vice president for State & Local Government Relations in the Northwest and a task force member, added, "Strengthening higher education in Washington is foundational to the state's long-term competitiveness and economic health. The task force's recommendations provide a framework for creating more educational opportunities for our young people, especially in high-demand fields such as science, technology, engineering and math."

Evergreen State College President Les Purce, also a task force member, commented: “The task force’s work has included important discussions with the presidents of the six four-year public universities. I believe these overall recommendations will strengthen our long-term ability to provide Washington students with a quality college education.”

The task force proposed a set of interdependent recommendations (which can be found at: [http://www.prosperitypartnership.org/foundation/education/HETFFullReport.pdf](http://www.prosperitypartnership.org/foundation/education/HETFFullReport.pdf)).

- **Modernize the financial foundation for the state’s six public four-year universities.** The task force proposed a new financial formula that better combines state budget support with increased flexibility for the universities to set their own tuition rates. The task force’s report urges the Legislature to sustain its financial support for higher education in the short-term and grow it in the long-term. At the same time, the universities should have more flexibility to set their own tuition rates, especially when state funding falls short. Tuition rates therefore should be linked to enrollment and state funding, as well as comparable rates at each institution’s peers.

  This formula would better enable four-year universities to grow enrollment and maintain high quality education by increasing per-student funding to a level at or above the 60th percentile of each institution’s global challenge state peer group. The task force recommends that by 2018, more than 28,000 students, or an increase of 27 percent, should be graduating with bachelor’s degrees from the state’s six public universities. In addition, by 2018 Washington’s public universities should graduate 2,000 more Washington resident students annually with bachelor’s degrees in science, technology, engineering, and mathematics (STEM). This would represent a 40 percent increase compared to current STEM degrees.

- **Establish a new endowment to expand financial aid for low- and middle-income students.** The task force recommends creating the Washington Pledge Scholarship Program – a new endowment that would seek to grow to $1 billion by the end of this decade. This endowment would be funded by new, voluntary individual and business donations and incentivized by federal and state tax provisions.

  The endowment would represent a new and sustainable revenue source. By establishing the endowment as a private nonprofit fund, the state would guarantee these funds will always be used exclusively for providing financial aid for low- and middle-income students.

  The task force also recommends creating a financial incentive for businesses to make new, voluntary donations to this endowment, by providing within specified limits a 50 percent credit on their business and occupation and public utilities taxes. Given the current budget challenges, these credits could be earned upon making a donation but would not be exercisable until the state’s financial situation improves.
• **Strengthen accountability.** The task force recommends that the state take new steps to strengthen accountability and performance by the public universities. This should focus in part on ensuring that more students complete their college education and should include the adoption of certain mandatory measurements from the National Governor’s Association’s Complete to Compete effort. This should also include a new incentive fund that enables the Legislature to invest limited additional funds to reward campuses that achieve measurable goals that help more students complete their degrees.

Members of the governor’s Higher Education Funding Task Force are:

Brad Smith, Chair, Senior VP and General Counsel, Microsoft Corporation
Dean Allen, CEO, McKinstry Company
Bill Ayer, Chair and CEO, Alaska Air
Maud Daudon, President & CEO, Seattle Northwest Securities
Charlie Earl, Director, State Board for Community and Technical Colleges
Jesus Hernandez, Chair, Higher Education Coordinating Board
Michael Kluse, Senior Vice President, Battelle
Alex McGregor, President & CEO, The McGregor Company
Laura Peterson, Vice President, Boeing Company
Thomas L. “Les” Purce, President, Evergreen State College
Paula Reynolds, CEO, Preferwest LLC
Chris Rivera, President, Washington Biotechnology and Biomedical Association
Paul Rosier, Executive Director, Washington Association of School Administrators
Judith Runstad, Foster Pepper LLC
Ray Stephanson, Mayor of Everett
David Tang, Managing Partner, Asia, K&L Gates LLP

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