

## 2000 Legislative Overview (Part 2)

*This report summarizes recent legislative and board activity in eight of the 15 WICHE states. As in the remaining Western states, appropriations to higher education increased in these states, with growth ranging from 2.4 percent in Hawaii to 15.2 percent in California. While budget share for higher education declined in Colorado, Nevada, and New Mexico, Alaska saw an increase and budget share California and Hawaii remained unchanged. Five of the eight states reported tuition increases at four-year institutions, with resident undergraduates paying from 2.9 to 11.1 percent more in fall 2000. Tuition increases for two-year students fell between 2.5 and 6 percent, except in California and Hawaii, which had no increases. Major issues included access, financial aid, workforce needs, financing, governance and performance funding and accountability.*

**L**egislative and board action during fiscal year 2000 in **Alaska, California, Colorado, Hawaii, Nevada, New Mexico, North Dakota,** and **Oregon** are summarized in this issue of *Policy Insights*. Activity for **Arizona, Idaho, Montana, South Dakota, Utah, Washington,** and **Wyoming** were reported in our June 2000 issue.

### Appropriations

- Among the eight states in this report, higher education received appropriations increases that ranged from 2.4 percent in **Hawaii** to 15.2 percent in **California** (see Figure 1).
- Stable funding in **North Dakota** and **Oregon** reflected the second year of biennial budgets.
- None of these states saw a decline in appropriations between FY 2000 and FY 2001.

### Budget Share

- **Alaska's** budget share increased from 8 to 8.3 percent over last fiscal year.
- While dollar appropriations increased in most WICHE states, higher education's share of the state budget declined in **Colorado, Nevada,** and **New Mexico**.
- **North Dakota's** biennial share increased from 20.3 percent in 1997 to 20.5 percent in 1999.
- Budget share remained unchanged in **California** and **Hawaii** between FY 00 and FY 01.

### Tuition & Fees

- Resident undergraduate tuition increases at four-year institutions took effect in most of the eight states; on average, these students are paying from 2.9 to 11.1 percent more this fall; **California's** resident fees did not increase, and **Hawaii** and **Oregon** made no change in tuition charges (see Figure 2).
- Tuition increases for two-year resident students ranged from 2.5 percent to 6 percent, with no increase in **California** or **Hawaii** (see Figure 3).

- Nonresidents at four-year institutions in the region saw tuition increases from 3.1 percent to 10.4 percent.
- **North Dakota's** State Board of Higher Education allowed one college to move to a per-credit-hour tuition model this fall; other campuses remain on a flat-rate tuition model. The board also now permits campuses to assess tuition on a per-credit-hour rate for all distance-learning courses, allowing the campuses to price courses based on market demand.

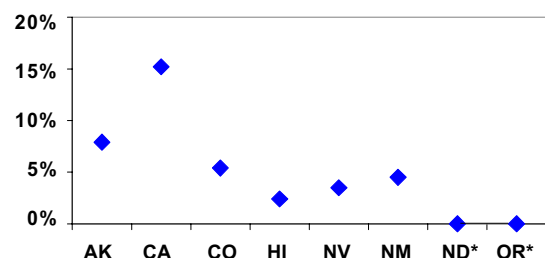
### Affordability

- **Alaska** legislation established an Educational Savings Trust through the University; up to \$50,000 per individual can be set aside in a trust account specifically for future educational expenses.
- Legislation in **New Mexico** removed the state residency requirement and expanded the options available for the college-savings program.

### Access

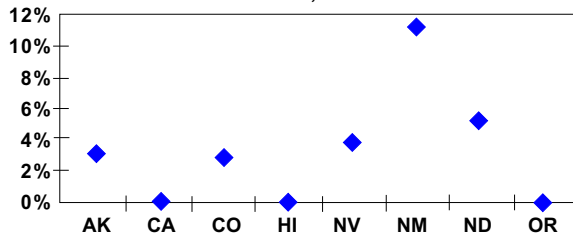
- **California** funded increased enrollment growth of 3.5 percent in community colleges, 4.5 percent in the CSU system, and 3.75 percent in the UC system. The legislature also put \$18.5 million into student outreach and access programs in the community college system and another \$109 million for various K-12 initiatives by the UC system.

Figure 1  
Percent Change in Appropriations to Higher Education,  
FY 2000 to FY 2001



\*North Dakota's and Oregon's second year of a biennial budget.  
Source: Western Interstate Commission for Higher Education, 2000.

**Figure 2**  
Average Percent Change in Residential Tuition at  
Four-Year Institution, 1999-00 to 2000-01



Source: Western Interstate Commission for Higher Education, 2000.

■ Also in **California**, advanced placement (AP) is a major initiative; a new AP Challenge Grant Program will provide grants to high schools for student access to AP or comparable college-level coursework. Some funds are channeled through the UC institutions to develop more distance-learning courses and expand AP to more schools in the state.

■ **Colorado's** public sector now guarantees rural community college graduates the opportunity to get four-year degrees in selected community college programs through a partnership with four-year schools. Funding will guarantee a minimum student number to the four-year institution partner.

■ **Oregon** is addressing access issues in the central part of the state by proposing a new branch campus at a community college where a university center is currently located.

## Financial Aid

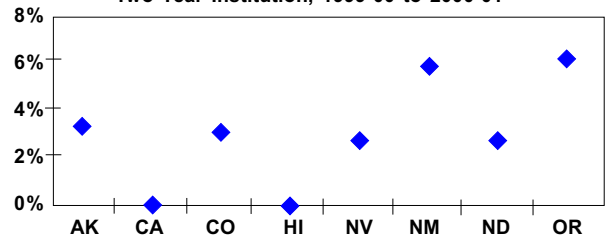
■ Unsuccessful legislation would have provided statutory designation and adequate funding for the **Alaska** Scholars Program. Currently funded by the university, the program has already encouraged over half of the top 10 percent of Alaska's high school seniors to attend the University of Alaska.

■ The Governor's Scholars Program in **California** now provides \$1,000 scholarships to public high school pupils in 9<sup>th</sup> through 11<sup>th</sup> grades scoring in either the top 10 percent at their high school or the top 5 percent statewide on selected portions of the Standardized Testing and Reporting exam. Cal Grant programs became an entitlement for recent high school graduates and California community college transfers meeting income and academic criteria. The program will serve 25 percent of the high school graduating class – the first time in the state's history that this statutory goal has been fully funded.

■ **Colorado** expanded the Governor's Opportunity Scholarships — full tuition, fees, room, and board and other expenses for students whose families are in the bottom income quartile — to a second cohort; 306 students were served last year.

■ In fall 2000 the first cohort of **Nevada's** Millennium Scholarship recipients entered public colleges. Funded by the tobacco settlement money, the scholarships are expected to swell enrollments at state schools and increase the college-going rate.

**Figure 3**  
Average Percent Change in Residential Tuition at  
Two-Year Institution, 1999-00 to 2000-01



Source: Western Interstate Commission for Higher Education, 2000.

## Workforce Needs

■ Legislation in **Alaska** facilitates the development of a statewide policy for a coordinated and effective technical/vocational educational training system in the state. Funding would be generated by dedicating two-tenths of 1 percent of the current unemployment wage deduction that is made from all paychecks. A small portion of this fund is allocated on a one-time basis to the university for voc/tech programs.

■ **Nevada's** Gov. Kenny Guinn asked higher ed to partner with the State Commission on Economic Development to study strategies to foster the growth of a technology-based economy in the state. The focus: technology transfer, state policies that promote business development, and the development of an appropriate workforce.

■ The new **North Dakota** workforce training regions, coordinated by the two-year campuses, are in their first full year of operation.

■ In **Oregon**, the university system is addressing Gov. Kitzhaber's initiative to strengthen engineering education investment; the OUS Board is considering an \$85 million, four-biennia increase in engineering education, split 50-50 between state and donated funds.

## Financing

■ Legislation recommended by the **Alaska** Student Loan Corporation will allow a return of a portion of the capital originally transferred from the state's general fund. For FY 2001, the legislature appropriated a return of capital totaling \$2.2 million; \$2 million provides partial funding of university operations and \$.2 million provides funding for National Guard education credits and youth programs.

■ The equitable distribution of funds has been an ongoing issue in **Nevada**. A funding study committee, created by the 1999 legislature and composed of public- and private-sector representatives, was charged with developing new, equitable funding mechanisms. Results: the new budget is based on historic enrollment, not projected, and equal funding among like institutions.

■ **North Dakota** is developing a new funding model based on peer comparators. Proposed statutory changes emerging from the state's roundtable would provide lump-sum appropriations to the Board, rather than appropriating fund to each campus. Another bill draft would remove all revenue, including tuition, from the appropriation process.

## Governance & Planning

■ The **Colorado** legislature directed the Commission on Higher Education to conduct a two-year study of the state's higher education system; among the consultant's recommendations is one calling for deregulation and consideration of charter colleges for the state.

■ **Hawaii** voters approved a constitutional amendment in the November general election granting constitutional autonomy for the University of Hawaii.

■ With the potential creation of the first "state college" in the 2001 legislature, **Nevada's** University and Community College System Board of Regents is studying differential institutional missions of existing and new institutions to meet the state's growth needs.

■ In support of the **New Mexico** Commission on Higher Education's goal of implementing new models for delivering services to the state, enabling legislation defines a learning center and the process for its creation. Communities can elect a local board and impose a local tax to support the operations of the learning center. Other legislation allows the Commission more flexibility in its operations.

■ **North Dakota** used a roundtable strategy to address 1999 legislation calling for a study to "address the expectations of the North Dakota University System in meeting the state's needs in the 21st century, the funding methodology needed to meet these expectations and needs, and an accountability system and reporting methodology for the university system." The roundtable identified six major cornerstones, and task forces developed recommendations for change and accountability measures to evaluate performance. Also, the board is continuing to streamline its policies to give campuses more operational flexibility and allow the board to focus more time on strategic planning.

## Performance Funding & Accountability

■ **Alaska** legislation incorporates specific missions to provide a framework for agency spending – including the University of Alaska's – and sets performance measures to evaluate how money is spent and where future state funds will be allocated.

■ **Colorado** initiated performance based funding with a Quality Indicator System legislators set up in 1996. Seventy-five percent of new funding is allocated on a performance model using eight quality indicators; the remaining 25 percent goes to enrollment.

■ The **New Mexico** legislature asked the Commission on Higher Education to coordinate with public postsecondary institutions on data collection and assist them in developing strategic plans. The Commission was also requested to coordinate the development of performance standards and baseline data for several factors and to assess its own operating performance and effectiveness in meeting statutory responsibilities.

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This issue of **Policy Insights** was prepared by Cheryl Blanco, director of Policy Analysis and Research. WICHE gratefully acknowledges assistance from staff in State Higher Education Executive Offices in Alaska, California, Colorado, Hawaii, Nevada, New Mexico, North Dakota, and Oregon.

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## Other Issues

■ A University of **Alaska** land bill — passed this session by the legislature, vetoed by the governor (for the third time), and overridden by a joint session of the legislature — allows the university to choose up to 25,000 acres of land per year for a total of 10 years. Federal legislation is pending.

■ **California's** Digital High School Program received \$188 million for the final year of implementation.

■ New **Colorado** legislation mandates assessment of incoming freshmen for basic skills. Remediation must occur in the freshman year, with community colleges providing most of the coursework; remediation costs state taxpayers more than \$20 million annually.

■ **Nevada's** Governor has required all state agencies, as well as higher education, to conduct a fundamental review looking for cost savings and reallocations. At his direction, the higher education budget proposal for the 2001-03 biennium is flat, with the addition of only enrollment growth. Proposals for new programs, such as the new state college and a new Pharmacy School, are separately submitted for consideration.

■ **North Dakota's** new ACCESS Web site provides an online directory of all types of distance education courses, programs, and delivery methods. The Board also approved a Technology-Based Entrepreneurship Program, a joint effort of three universities.

## Issues to Watch

■ **Accountability.** As a result of the **Nevada** funding study, an additional allocation dependent on performance is proposed to the 2001 legislature. **New Mexico** continues to move forward on implementing The Accountability in Government Act enacted in 1999.

■ **Financing.** **Oregon** higher ed will focus on achieving budget priorities in the 2001 Legislative Assembly. The state general fund budget is facing a shortfall in revenues to finance Continuing Service Level budgets for state agencies and programs.

■ **Master Planning.** The **North Dakota** State Board of Higher Education approved two budget request proposals for the 2001-03 biennium. The first, consistent with guidelines released by Gov. Schafer, reflects a hold-even general fund spending plan. The second, a needs-based budget, calls for a general fund spending increase of nearly \$28 million. New funding priorities: technology and networking enhancements, student financial aid, disabled student services, renewal and replacement of physical plant, institutional innovation, and public agenda. The state is also considering changes to tuition rates and structures to attract students.

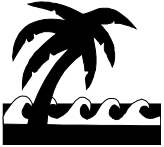
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## At a Glance —



Appropriations to **Alaska** higher education increased 7.9 percent, while budget share increased slightly, from 8 percent in 1999-00 to 8.3 percent in 2000-01. Tuition at the two-year college will increase on average by 3.1 percent; university students will see increases of 3.1 percent in tuition. Legislation established an Educational Savings Trust at the U of Alaska; unsuccessful legislation would have provided statutory designation and funding for the Alaska Scholars Program. Other legislation facilitates development of a statewide policy for a coordinated technical/vocational educational training system.



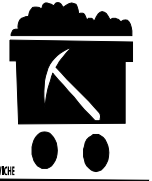
In **California**, residents at public institutions pay fees rather than tuition; community college, Cal State, and University of California resident students will see no increase in fees. Higher ed funding for 2000-01 increased by 15.2 percent, and budget share remained at 12.1 percent. Appropriations increases funded enrollment growth of 3.5 percent at community colleges, 4.5 percent in the Cal State system, and 3.75 percent in the UC system. Cal Grant programs were funded to serve 25 percent of the high school graduating class and the state funded implementation of a new Advanced Placement Challenge Grant Program.



Higher education in **Colorado** saw a 5.4 percent increase in appropriations over the 1999-2000 level; budget share declined slightly from last year's rate of 14.1 percent to 14 percent. Resident tuition will increase 2.9 percent for two- and four-year residents. Colorado initiated performance-based funding; 75 percent of new funding is allocated on a performance model and 25 percent on enrollment. Legislation also guarantees rural community college graduates an opportunity to get four-year degrees by partnering with four-year institutions. Governor's Opportunity Scholarships were expanded to a second cohort. The state also mandated assessment of incoming freshmen for basic skills.



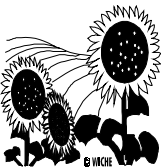
**Hawaii's** legislature approved a 2.36 percent increase in the general fund base over FY 2000, and higher ed's budget share remained at last year's level of 9.2 percent. Resident tuition for two- and four-year students was not increased. Voters approved a constitutional amendment on the November general election ballot to provide constitutional autonomy for the University of Hawaii. A commitment of construction funds for the next few years will allow the university to make substantial progress in addressing the backlog of repair and maintenance projects.



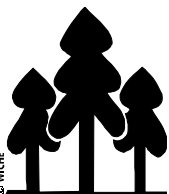
In **Nevada**, higher ed's appropriation increased 3.47 percent, but its share of the total state budget declined from 19.52 percent to 19.32 percent. Resident undergraduate tuition increased on average 3.5 percent for four-year students and 2.6 percent for community college students. A study committee created by the legislature developed new, equitable funding mechanisms; another study committee of the Board of Regents is looking at differential institutional missions to meet growth needs. The governor called for a study of strategies to foster a technology-based economy.



**New Mexico's** higher ed sector saw an increase of 4.5 percent in appropriations over the previous fiscal year, but budget share declined from 16.4 percent to 16.21 percent. Undergraduate resident tuition for four-year students will increase 11.1 percent on average, while two-year students will pay 5.7 percent more. New legislation removes the state residency requirement and expands options for the college savings program. Other legislation defines a learning center and the process for its creation. The Commission is also coordinating with postsecondary institutions on data collection and in developing strategic plans, performance standards, and baseline data for several factors.



**North Dakota** continues the second year of a biennial budget. Tuition increased 5 percent for undergraduate resident university students and 2.5 percent for community college students. The State Board of Higher Education allowed one college to begin a per-credit-hour tuition model, while other campuses remain on a flat-rate model. Board policy also now allows campuses to assess tuition on a per-credit-hour rate for distance-learning courses. The state continues building on its highly successful roundtable on expectations of the University System in meeting state's needs; recommendations and accountability measures are being prepared.



**Oregon's** is in the second year of a biennial budget so appropriations are the same as last year. Tuition remains unchanged, on average, for resident university students, but community college students saw a 6 percent increase. Access issues in central Oregon are being addressed through a proposal for a new branch campus at a community college where a university center is currently located. The system is also responding to the governor's interest in strengthening engineering education; an \$85 million, four-biennia increase in engineering education is under considering by the Oregon University System Board. The state general fund budget is facing a shortfall in revenues needed in the future to finance continuing budgets for state agencies and programs.