

1999 Legislative Overview (Part 2)

Among the eight Western states in this issue, all except Hawaii saw increases to appropriations; while most states saw increases in the range of 5 to 8 percent, Oregon's funding increased by nearly 25 percent and rose by 11.2 percent. Budget share remained stable in three states, declined slightly in three, and increased in two. Tuition increases at four-year institutions occurred in every state except California which reduced resident fees and Oregon again froze tuition. Again excluding California, two-year colleges in other states increased fall 1999 tuition for residents. Teacher education issues were part of legislative activity in California, Colorado, and New Mexico. Accountability generated new legislation in Alaska, Colorado, and New Mexico. Lawmakers passed financial aid-related bills in Colorado and Nevada, while Colorado and North Dakota each created college savings plans.

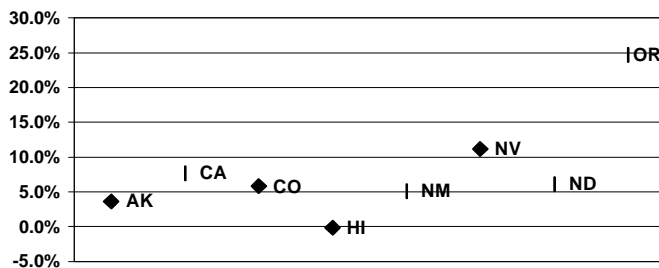
September
1999

The 1999 legislative sessions and board activities for the Western states of **Alaska, California, Colorado, Hawaii, Nevada, New Mexico, North Dakota,** and **Oregon** are summarized in this issue of *Policy Insights*. Outcomes of sessions in **Arizona, Idaho, Montana, South Dakota, Utah, Washington,** and **Wyoming** were recapped in the July 1999 issue of this series.

Appropriations

- Increases in appropriations to higher education ranged from 3.6 percent (**Alaska**) to nearly 25 percent in **Oregon** (see Figure 1).
- Hawaii's** appropriations for higher education fell slightly by .18 percent between 1998-99 and 1999-2000.

Figure 1
Percent Change in State Appropriations to
Higher Education, 1999-2000



Source: Western Interstate Commission for Higher Education, 1999.

Budget Share

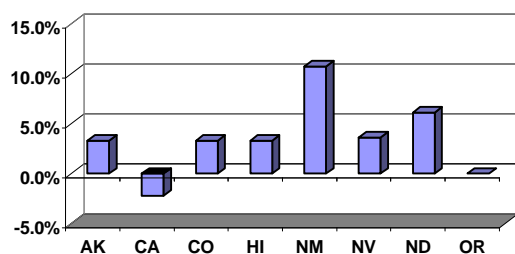
- Oregon's** 14.4 percent increase in budget share (from 6.25 percent to 7.15 percent) far surpassed other state increases. **Alaska, Colorado,** and **New Mexico** saw no change in share.
- In three states higher education's share of the state budget declined – down from 12.7 to 12.6 percent in **California**, from 9 percent to 8.9 percent in **Hawaii**, and from 19.7 to 19.5 percent in **Nevada**.

- North Dakota's** share increased from 20.3 to 20.5 percent.
- Alaska's** legislative session was dominated by a discussion of an \$800 million shortfall in the state budget. Although the total state budget decreased by 3 percent, strong public and political support led to a modest increase for the University of Alaska.
- New Mexico** is moving to performance-based program budget requests. Performance measures and benchmarks will be identified for each program, and evaluation results will be used in funding recommendations.
- The **North Dakota** legislature defeated a bill to provide a state general fund appropriation to the tribally controlled colleges for non-Indian students attending those campuses. Lawmakers also failed to pass legislation to remove tuition income from the state appropriation process and create a legislative budget.
- The **Oregon** legislature approved a new resource allocation model for university system budgeting, allowing campuses to retain tuition and receive state resources through a student-driven distribution matrix based on the cost of each discipline. The budget model is less complex and more explicit; it will result in legislative accountability for funding outcomes.

Tuition

- Tuition increases were imposed in most WICHE states for this academic year. At four-year institutions, undergraduate resident tuition increases ranged from 3.3 percent in **Hawaii** to 10.74 percent at the **University of New Mexico** (see Figure 2).
- However, the **University of California** and **California State University** systems decreased student charges by 5 percent.
- Oregon's** four-year institutions again froze tuition levels; by the end of the biennium, undergraduate tuition will have been unchanged for five years.

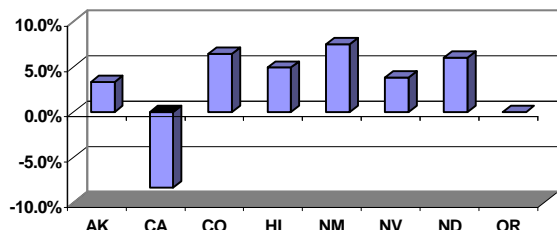
Figure 2
Percent Change in Tuition for Residents at Four-Year Institutions, 1998-99 to 1999-2000



Notes: California does not charge tuition; students pay fees only. California data are estimates.
 Source: Western Interstate Commission for Higher Education, 1999.

- Students at two-year institutions will see increases from 3.25 percent in **Alaska** to an average of 7.5 percent in **New Mexico** (see Figure 3), while **California** students will pay 8 percent less per unit.

Figure 3
Percent Change in Tuition for Residents at Two-Year Institutions, 1998-99 to 1999-2000



Notes: California does not charge tuition; students pay fees only. California data are estimates. New Mexico percentage is an average of the eight community colleges branches.
 Source: Western Interstate Commission for Higher Education, 1999.

- Growth in nonresident undergraduate tuition levels at four-year institutions in these states will vary from 1 percent in **Hawaii** to 10 percent in **Nevada**. Nonresident two-year students will see a wide range of increases, with the highest (18.6 percent) at a community college branch in **New Mexico**.

Tuition and fee data for 1990-2000 will be published this fall in WICHE's annual report, *Tuition and Fees in Public Higher Education in the West*. The full report will be accessible electronically at WICHE's Web site, <http://www.wiche.edu>.

Access

- Legislation under review in **Alaska** may allow 11th and 12th grade students to take post-secondary classes at the University of Alaska with dual credit funded by school districts. To enhance access to certain fields of study in **Alaska**, the legislature authorized the use of

Alaska Student Loan Corporation funds in the form of loans for WICHE's Professional Student Exchange Program.

Financial Aid

- **Colorado** extended financial aid to students in some private occupational schools.
- **Nevada** will use tobacco settlement money to establish Millennium Scholarships for the class of 2000. All Nevada high school graduates with an average of B or better in core courses will be guaranteed a scholarship.
- **Colorado** and **North Dakota** each created a college savings plan.

Teacher Education

- **California** lawmakers considered several proposals addressing the shortage of well-prepared teachers. Many bills passed; others will receive additional attention in interim hearings.
- New legislation significantly expands the **Colorado** Commission on Higher Education's authority in teacher education program approval; CCHE must review all existing programs and any not approved are automatically discontinued.
- **New Mexico's** governor vetoed legislation to increase the number of K-12 teachers in underserved areas through an educational loan repayment program. The act provided for the state to repay principal and interest accrued on federal loans or loans from a commercial lender for education purposes in exchange for teaching in underserved areas of the state.

Accountability

- New legislation in **Alaska** articulates specific missions and measures for a number of state agencies—including higher education.
- Accountability was a major focus at **California** community colleges and the state universities. Legislation with specific, quantifiable measures in areas such as student persistence, time to degree, graduation rates, and student learning are expected in 2000. The Postsecondary Education Commission sponsored a bill to expand its database to include data necessary for longitudinal monitoring of students.
- **Colorado's** legislature revised the Quality Indicator System so performance indicators match higher education system goals. Other legislation requires the Colorado Commission on Higher Education to conduct a two-year study of the higher education system.

- Legislation in **New Mexico** requests the Commission on Higher Education and the institutions to cooperate in adopting and implementing goals to achieve excellence and a coordinated statewide system.

Other Issues

- **Alaska** is considering legislation requiring that public high schools districts pay the University of Alaska the cost of remedial classes if a student graduated from high school, enrolled at the university within two years, and required remediation to bring skills up to college level.
- A joint **California** legislative committee will develop a blueprint for the state's education philosophy and goals in areas such as governance, funding, and instructional priorities. It will link K-12 and postsecondary education in a seamless plan.
- New legislation established the **Colorado** Institute for Telecommunication Education as an auxiliary unit of the University of Colorado. A separate bill transferred specific functions related to advanced technology programs to the Colorado Commission on Higher Education.
- The **North Dakota** legislature appropriated \$875,000 to support a new statewide workforce training plan. The legislature and the **North Dakota** University System have embarked on a comprehensive study of the state's needs in the 21st century, the funding methodology needed to meet these expectations, and an accountability system and reporting methodology for the university system. New legislation also allows **North Dakota** to join the Midwest Higher Education Compact and changes two **North Dakota** community college branch campuses to independent public community colleges.

Issues to Watch

- *Funding.* **Alaska's** lawmakers are considering a bill requiring allocating a portion of the university's funding based on several weighted factors. **Nevada's** legislature is conducting an interim study on funding formulas for higher education.
- *Budget.* Higher education in **North Dakota** may introduce legislation in the 2001 session to remove tuition income from the legislative appropriation process.
- *Access.* Unsuccessful bills in **California** for year-round operations and financial incentives for students to attend college year round may reemerge.

- **Oregon** may look at community college/ university partnerships to distribute university classes and programs across the state.
- *Tuition.* A bill authorizing tuition waivers for native **Hawaiian** students may come around again in 2000.
- *Teacher Education.* **New Mexico's** vetoed "Teacher Loan Repayment Act" may reappear in 2000.
- *Proprietary Education.* Vetoed legislation in **New Mexico** enacting the Private Postsecondary Student Tuition Protection Act may be reintroduced. In **California**, proprietary education will be addressed as the new Bureau of Private Postsecondary and Vocational Education implements oversight responsibility.
- *Governance.* **California** is developing a blueprint for the state's education philosophy and goals. Failed legislation in **California** to restructure state governance of K-12, shifting the major policymaking responsibilities to the State Superintendent of Public Instruction and making the State Board of Education and the Secretary of Education primarily advisory, may be seen again. Also in **California**, a privately negotiated, non-legislative compact for higher education saw no progress but it will probably be ready by the 2000 session. **Hawaii** expects further enhancement of university autonomy issues. **Nevada** will examine adding a third tier to higher education with the establishment of its first four-year state college.
- *Other.* **California** expects more attention being paid to the transfer function. **Alaska** and **North Dakota** have interim studies on privatizing state services, with legislation anticipated next session. Program quality improvements and faculty compensation are potential issues in **Oregon**.

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

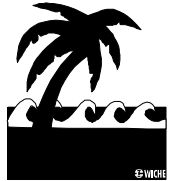
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At a Glance



Alaska's tuition for 1999-2000 increased 3.25 percent over 1998-99 rates; higher education's share of the state budget remained unchanged. Resolving the state's \$800 million budget shortfall dominated the legislative session, but strong support for the university system received a 3.56 percent appropriation increase. Lawmakers authorized the use of Alaska Student Loan Corporation funds in the form of loans for WICHE's Professional Student Exchange Program. Legislation under consideration would allow high school juniors and seniors to take university-level classes with dual credit funded by school districts. Other legislation may require school districts to pay the university for the cost of remedial classes. The university may look at privatizing some functions.



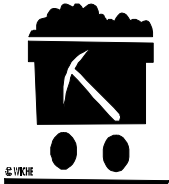
California saw a 7.7 percent increase in the state appropriation, but budget share declined from 12.7 to 12.6 percent. Resident fees dropped by 8.3 percent for two-year students and by 2.2 percent for undergraduates at four-year campuses. Lawmakers considered several proposals on the shortage of well-prepared teachers; discussions will continue during interim hearings. Anticipated accountability legislation in the 2000 session may include specific, quantifiable measures in many areas. A joint legislative committee will develop a blueprint for the state's education philosophy and goals, linking K-12 and higher education in a seamless plan. Unsuccessful legislation looked at year-round operations and restructuring state governance.



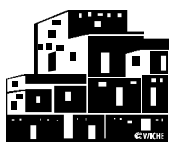
Colorado legislators focused on reducing state taxes from 5 to 4.75 percent. Appropriations to higher education increased by 5.8 percent and budget share remained at 14.2 percent. Average tuition increases of 6.4 percent took effect for two-year resident students and 3.3 percent for resident four-year undergraduates. Key legislative initiatives included authorizing a two-year study of the state's higher education system, revising the goals and expectations of the Quality Indicator System, and dissolving the Colorado Advanced Technology Institute, moving its responsibilities to the Colorado Commission on Higher Education. Legislators directed the commission to review teacher preparation programs. The state also extended financial aid to students in some private occupational schools and created a college savings plan.



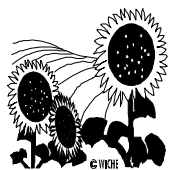
Hawaii's legislators turned to areas other than higher education in the 1999 session. State appropriations to higher education declined by nearly 2 percent, with its share of the state budget also sliding—from 9 to 8.9 percent. Tuition rates for all students increased—by almost 4.9 percent for community college resident students and 3.3 percent for resident undergraduate students at four-year institutions. While there was no major legislation passed concerning higher education, there were further refinements and enhancements of university autonomy. More of that can be expected to surface in the 2000 session along with renewed debate over tuition waivers for native Hawaiians, a hot topic in 1999.



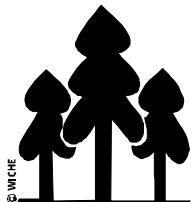
Nevada again received a significant 11.2 percent increase in the higher education appropriation, but its share of the state budget dropped from 19.7 to 19.5 percent. Tuition increases mean two-year residents are paying 3.8 percent more over last year, and resident undergraduates at four-year institutions are paying 3.6 percent more. A major development this session was designation of tobacco settlement money to establish a new merit-based Millennium Scholarship. The state will look at adding a third tier to higher education by establishing its first four-year state college. Failed legislation would have allowed funds transfers among institutions based on enrollment growth or decline.



New Mexico's appropriation to higher education increased by 5.1 percent over last year, while the budget share remained at 16.4 percent. Tuition increases varied widely, with an average 7.5 percent for two-year residents and up to 10.74 percent for resident undergraduates at the University of New Mexico. Legislative initiatives moved higher education to performance-based program budgeting over five years and called on the commission and institutions to cooperatively adopt and implement excellence goals and a coordinated statewide system. The governor vetoed teacher education legislation designed to increase the number of teachers in underserved areas. Other vetoed legislation, enacting the Private Postsecondary Student Tuition Protection Act, may be reintroduced.



North Dakota increased higher education's appropriations by 6.1 percent while budget share moved from 20.3 to 20.5 percent in the last year of the biennium. Resident undergraduates are seeing tuition increases of approximately 6 percent. General fund dollars will support a new statewide workforce training plan. New legislation created a college savings plan, and another bill allowed the state to join the Midwest Higher Education Compact. Defeated legislation may be reintroduced to remove tuition income from the state appropriation process. An interim study will look at privatizing state services.



Oregon lawmakers, in a move to help higher education recuperate from years of disinvestment, raised the appropriation by nearly 25 percent over last year, and budget share increased from 6.25 percent to 7.15 percent. Tuition, however, remained frozen, although fees increased. The central issue this session was legislative approval to change university system budgeting to a new resource allocation model. The change allows campuses to retain tuition and receive state resources through a student-driven distribution matrix based on the cost of each discipline. The new model is less complex and more explicit; it will result in legislative and gubernatorial accountability for funding outcomes.