

Affordability and Student Success: Recapping 2014 Higher Education Legislative Activity in the West

After reaching a low point in 2012, state investment in higher education increased for the second year in a row in 2014 – something that had not happened since the Great Recession of 2008 began. With greater stability in some, though certainly not all, state budgets, many Western legislatures in 2014 looked for new ways to contain college costs for students. In fact, affordability was the key theme of this year's sessions; in an attempt to address affordability, legislators in the WICHE region passed bills freezing or limiting tuition increases and created new scholarships and other financial aid opportunities for students. Many Western states also increasingly looked to higher education as the driver of economic growth, as their legislatures focused more on community colleges and career and technical education, while others sought to encourage partnerships between business and postsecondary institutions. Issues to watch include undocumented students, guns on campus, military and veterans education, and the ongoing implementation of common academic standards that prepare students for college and careers. This *Policy Insights* summarizes the key topics and trends addressed during the 2014 legislative sessions and highlights other new and emerging issues to watch in the region.

As was the case in 2013, higher education received significant attention during the 2014 sessions. Twelve Western legislatures and the **Commonwealth of the Northern Marianas Islands** (CNMI) convened this year; the exceptions were **Montana**, **Nevada**, and **North Dakota**, which meet biennially. In addition to the regular sessions, **Arizona** and **California** also convened special sessions, although neither addressed issues related to higher education. The **Northern Marianas Commonwealth** Legislature, which meets year round, has to date not passed any relevant laws related to higher education in 2014. Though not in session, **North Dakota** convened a legislative committee to craft a tuition freeze for two-year colleges that will be taken up in 2015.

The 2014 Western legislative sessions placed a fair amount of attention on the affordability of postsecondary education. Increases in state funding were for the most part explicitly tied to tuition freezes and other financial opportunities to keep college costs down, due in large part to the ever-growing proportion of tuition that currently supports higher education, a number that is nationally approaching nearly 50 percent.¹ Another factor is the limited growth of budgets in states that are still recovering from the economic collapse that decimated postsecondary funding from 2008 to its lowest point in 2012.² Despite modest signs of recovery, many policymakers continued to look for ways to develop cost-effective approaches

that accounted for both the price and quality of higher education while also focusing on how to best increase college readiness and success in 2014.

Stability Fosters Affordability

While most Western states saw increased state tax revenue in 2014, the increases weren't nearly as dramatic as in the previous year. According to the Nelson A. Rockefeller Institute of Government, revenues were up in all Western states for which data were available during the first quarter of 2014.³ But while states like **California** and **North Dakota** experienced massive jumps in state tax revenue in the first quarter of 2013 (34.9 and 74.6 percent, respectively), the gains in 2014 are much more modest.⁴ **Colorado** had the largest increase from January to April 2014 – 8.5 percent – while **Utah** and **Hawai'i** had the smallest increases at 4.1 percent.⁵ Western states that saw a decline or for which there were no data available include **Alaska**, **North Dakota**, **South Dakota**, and **Washington**.⁶ Despite the slow growth in 2014, recent economic growth has led to greater budget stability for a number of states and this stability has in turn allowed for more appropriations to postsecondary education, in addition to the bulk that went to K-12 and Medicaid.⁷

State Appropriations. As reported by Illinois State University and the State Higher Education Executive Officers (SHEEO), state appropriations to higher education

nationwide increased by 5.7 percent in FY 2014, continuing a trend of modest recovery that began the previous year.⁸ While not as dramatic as the some of the increases in FY 2013 at the state or local level, several Western states again benefitted from stable budgets, with 10 of the 13 legislatures providing more money for higher education this year and one, CNMI, not yet enacting a higher education budget.⁹ Three states saw double-digit increases, with **Oregon** devoting 12 percent more funding to higher education, followed by **Utah** at 11.3 percent, and **Colorado** at 11 percent.¹⁰ **South Dakota** increased appropriations by 7.4 percent, while **New Mexico**, **California**, and **Arizona** increased funding by 5.3, 5.0, and 4.6 percent, respectively.¹¹ After years of cuts to higher education, **Idaho** increased funding by 6.2 percent and **Hawaii'i** increased its support by 6.0 percent.¹² Finally, after cutting postsecondary funding by 6 percent in 2013, **Wyoming** increased appropriations by 6.9 percent in 2014. Only **Alaska** and **Washington** cut funding by 2.1 percent and 0.8 percent, respectively.¹³

Tuition and Fees. Even with the slow, but steady, signs of economic recovery and increased appropriations to higher education, tuition still accounts for a large percentage of revenue for postsecondary education in the region. In fact, according to SHEEO, tuition accounted for 47.4 percent of postsecondary revenue in 2013.¹⁴ Several Western legislatures voted for or at least considered tuition freezes, caps, or waivers in an effort to make college more affordable for a greater number of students, continuing a trend that became more widespread last year.

- In his 2014-15 budget, **California** Governor Jerry Brown called for a tuition freeze at public institutions in exchange for another annual funding increase – the “second installment” of his funding plan that was proposed and passed by the legislature in 2013.¹⁵ According to that plan, tuition would remain flat through 2016-17. The 2014-15 budget was passed by the legislature and signed by the governor on June 20. In exchange for no tuition increases, the University of California and California State University will receive an additional \$142 million in appropriations and is part of the five percent funding increase for the two systems included in the governor’s plan.
- After appropriating an additional \$100 million to higher education, **Colorado** lawmakers sought to “ensure the affordable, quality education that is fundamental to Colorado’s economic development” with the passage of SB 1, more commonly known as Colorado’s College Affordability Act.¹⁶ Under the measure, annual tuition increases at public institutions (excluding the Colorado School of Mines) are capped at 6 percent, down from 9 percent the previous year.

- **Hawaii'i** considered legislation known as the “Freeze Tuition Bill” (HB 1832) but, after much debate, the bill failed to pass. It is expected that the issue will be raised again in 2015.
- With the passage of HM 44, the **New Mexico** Legislature called on the state’s legislative finance committee to study the possibility of adopting legislation similar to Oregon’s “Pay It Forward, Pay It Back” plan that called for the Oregon Higher Education Coordinating Commission to consider implementation of a pilot plan to replace the current system of tuition and fees. Originally passed in 2013, Oregon’s plan would theoretically defer tuition for students while they are enrolled in college in exchange for a promise to commit a percentage of their future income towards the state. The **New Mexico** Legislature also passed SB 206 which provides tuition waivers for qualified high school graduates who were in the state’s foster care system or in the legal custody of an American Indian tribe or pueblo.
- Though not in session, a **North Dakota** legislative committee recommended that lawmakers pass a tuition freeze at two-year institutions in the upcoming 2015 session. This freeze is less sweeping than the one called for by the State Board of Higher Education, which asked for a tuition freeze at all 11 North Dakota University System institutions when approving the Board’s 2014 budget.
- After the **Oregon** Legislature provided an additional \$40 million in funding to higher education with the passage of HB 3472 during the 2013 session, the State Board of Higher Education in 2014 froze tuition rates for the upcoming 2014-15 academic year at state institutions for the first time since 2001.
- In **South Dakota**, the passage of Governor Dennis Daugaard’s 2014-15 budget includes no tuition increases for state residents for one year.

While many Western states capped or froze tuition, others were forced to raise it, though not as drastically as in previous years. As already noted, **Hawaii'i’s** tuition freeze failed in 2014 and instead the tuition schedule increase that was approved by the state’s Board of Regents in 2012-13 will continue into the 2014-15 academic year.¹⁷ Under the schedule, tuition will rise approximately 30 percent by the 2016-17 academic year.¹⁸ After the legislature allocated more money to higher education in 2014, the **Utah** Board of Regents still voted to raise tuition by 4 percent, an amount that constitutes the smallest increase in over a decade.¹⁹ Finally, although tuition will not rise in the next year for students attending Arizona State University, the **Arizona** Board of Regents allowed for modest tuition hikes at the University of Arizona (2 percent) and Northern Arizona University (2.8 percent).²⁰

State Financial Aid. While some have approached affordability through tuition freezes, others have attempted to make college more affordable for students by enacting other types of financial aid policies. The 2014-15 budget passed by the general assembly in **California**, for example, includes funding for the implementation of the “Middle Class Scholarship” program that was approved by the legislature during the 2013 session. In a move that could potentially cut tuition costs by as much as 40 percent for students with annual family incomes between \$100,000 and \$150,000, \$107 million was allocated to fund the scholarship for 2014-15. HB 1384, passed in **Colorado** in 2014, establishes a Colorado Opportunity Scholarship Initiative to award financial aid to state residents based on academic rigor. In addition to the aid provided for students, ten percent of scholarship funds may be awarded to state agencies or non-profit organizations that provide student support services for Colorado residents. The law further develops criteria to evaluate the effectiveness of the initiative in improving higher education outcomes in the state, including reduced remediation rates, increased retention and graduation rates, and “improvements in tuition affordability.”

The **New Mexico** Legislature passed SB 347 which adds a state liquor tax to keep the Legislative Lottery Scholarship program solvent. As lottery proceeds have declined in recent years, the program was in danger of not being able to serve the nearly 18,000 students who take advantage of the scholarship unless other sources of revenue were identified. While the 2014 legislation will keep the program viable in the short term, a more permanent fix may be addressed in the 2015 legislative session. In **Washington**, the passage of SB 6358 increases financial aid transparency and awareness for all students in the state, particularly disadvantaged students who often lack understanding of all the aid options available to them. Under the law, admitted and prospective students will receive information regarding financial aid opportunities and deadlines in their college acceptance letters. The law further encourages postsecondary institutions to make this information clearly available on their websites.

Performance Progress. After establishing an outcomes-based funding model in the 2011 legislative session, the **Colorado** General Assembly passed HB 1319 this year, another performance funding measure which will be implemented in 2015-16 and funded every year thereafter. The legislation directs the Colorado Commission on Higher Education, in consultation with “interested parties,” to consider and adopt a new base-funding formula that considers both institutional role and mission as well as performance. The governing boards of the state institutions of higher education may annually negotiate fee-for-service contracts with the Department of Higher Education for the delivery of higher education services,

which are to be fairly balanced between role and mission factors and performance metrics. Specifically, the formula will support the four progress areas laid out in the state’s master plan, which include increasing the attainment of “high-quality” credentials by at least 1,000 new degrees or certificates each year to meet anticipated workforce demands by 2025; improving student performance and outcomes in basic skills education and closing achievement gaps; enhancing student access to and success in a manner that reflects the state’s changing demographics and helps close achievement gaps among underserved students; and developing resources and services that will help meet future enrollment demands and promote affordability and productivity.²¹

With the passage of HB 1, **Wyoming** will now distribute \$14.3 million from the general fund to the state’s community colleges over a two-year period (2014-16) based on the total number of course completions among all system colleges from the prior school year.

Ready to Succeed

While college access and completion will always remain high-profile higher education issues, many Western states continued to focus more on college readiness in 2014, particularly in relation to the alignment of K-12 and postsecondary education and targeted preparation designed to help students succeed in college and careers.

Accelerated Learning Options. Several states passed dual enrollment legislation or other accelerated learning opportunities to ensure that students are ready to succeed once they enter postsecondary education. With the passage of HB 278, **Alaska** now offers dual credit to high school students who complete a vocational education course, with the goal that they will go on to complete a postsecondary certificate program. **Idaho** devoted significant resources to the expansion of dual credit opportunities in the state with the passage SB 1233. Also known as the “Advanced Opportunities Bill,” the legislation covers 75 percent of the costs associated with dual credit courses and examinations by awarding all high school seniors a maximum of \$400 and juniors a maximum of \$200 to pursue dual enrollment opportunities. The program went into effect on July 1, 2014.

SB 1574, which passed in **Oregon**, directs the Higher Education Coordinating Commission to develop statewide standards for dual credit programs that will be implemented by high schools, community colleges, and four-year institutions in the state. **South Dakota** revised its dual credit policies with the passage of SB 182. The law allows students in grades nine through 12 to receive both high school and postsecondary credit upon completion of a dual enrollment course and covers all or part of the tuition and fees associated with those courses. **Utah** established a “Rural Superintendent Concurrent Education

Program” with the passage of SB 38. The law directs Snow College to administer the program which delivers dual enrollment courses and advisory support to high school students through interactive video conferencing.

Common Core State Standards. Integral to preparing students for college and careers is the ongoing, and sometimes turbulent, implementation of the Common Core State Standards (CCSS) or other similar academic standards. States began adopting the CCSS in 2010 following their creation by a joint initiative led by the National Governors Association and the Council of Chief State School Officers.²² Since that time, a number of concerns have been raised by both policymakers and the public at large. As in 2013, the 2014 state legislative sessions featured a number of bills related to the implementation of the CCSS. Compared to previous years, however, 2014 saw a slight upturn in the number of CCSS-related bills seeking to limit, delay, or revoke implementation of the standards. Several Western states, including **Alaska, Arizona, California, Colorado, New Mexico, South Dakota,** and **Wyoming** introduced legislation that would either delay or prohibit implementation of the standards and/or the assessments that are aligned to the standards. None of the measures passed. Despite the apprehension and confusion that still surrounds implementation and creation of assessments related to the CCSS, many Western states continued to pass laws with the express purpose of creating and implementing common academic standards that prepare students for college and careers, even if they did not explicitly label them as the “Common Core.”

- As part of a larger mandatory kindergarten bill, SB 2768, that passed in 2014, the **Hawai'i** legislature calls for the development of a uniform kindergarten assessment process that provides individualized feedback about a child’s development and aligns the state’s early learning standards with its common core standards for kindergarten.
- HB 4150, which passed in **Oregon**, directs the state Department of Education to implement a new statewide assessment system that measures a student’s “mastery of a continuum of academic knowledge and skills” in math, science, English, history, geography, economics, and civics.
- **Washington** passed legislation – SB 6002 – that requires a legislative review to determine how much non-instructional time is devoted to professional development for the purposes of CCSS-related training. The bill also appropriates \$495,000 to the Office of the Superintendent of Public Instruction to develop and support math and science curriculum that aligns with CCSS and “next generation science standards.”

Higher Education as THE Economic Engine

Policymakers are increasingly aware that postsecondary education and training are critical to workforce development and economic growth. This was especially true in several Western states that introduced legislation that specifically tied higher education to broader state economic goals. Community colleges and career and technical education received more attention than in past years and Science, Technology, Engineering, and Math (STEM)-related initiatives continued to receive significant attention, as well.

Community Colleges and Career and Technical Education. Two-year institutions and vocational programs were the focus of bills in three Western states. **Colorado** passed SB 4, legislation that allows the state’s community colleges to offer four-year degrees in technical fields with high workforce and student demand. The degree must be “sufficiently distinguishable” from existing degree programs offered at four-year institutions in the geographic region of a community college. **California** passed similar legislation this year. SB 850 also allows certain two-year institutions to award four-year degrees in specialized, high-demand fields in the state and fill workforce gaps. Specifically, 15 community colleges in the state will be able to start offering baccalaureate degrees beginning in 2017-18, provided they address a documented workforce need and are not already available at University of California or California State University campuses. **Oregon** passed SB 1524 which directs the state Higher Education Coordinating Commission to study the viability of offering free community college tuition to students who graduate from an Oregon high school.

STEM. Two Western states provided more resources for STEM education. **Utah** allotted more money to train teachers working in STEM-related fields with the passage of SB 150. The bill further created a “STEM Action Center” to coordinate activities between state agencies, postsecondary institutions, school districts, and parents of home-schooled students. **Washington** also devoted more resources to STEM education by providing \$25 million in additional funding for the state’s Opportunity Scholarship, originally established in 2011. Under the legislation, HB 2612, businesses that benefit from having a well-educated workforce provide funds to the scholarship, which is then matched by the state. The goal is to have a total of \$1 billion of public-private funding by 2020 to provide aid for students pursuing degrees in technology-related fields.

In addition to the community college legislation mentioned above, **Colorado** passed SB 205, which creates a “key industries talent pipeline working group” comprised of representatives from the Department of Education, the Department of Higher Education, the Department of Labor and Employment, and the Colorado Office of

Economic Development. In addition to publishing an annual “Colorado Talent” progress report, the group will determine the most effective means of aligning education and economic development to the needs of key industries in the state.

Issues to Keep Watching

Undocumented students and guns on campus, two issues that received significant attention in 2013, continued to see movement during the 2014 legislative sessions. Western states also began to look for new ways of helping veterans pursue college and career pathways.

Undocumented Students. With the passage of HB 1817, **Washington** now offers state financial aid to undocumented students after a similar measure failed to pass last year. The state had already extended in-state tuition benefits to undocumented students in 2003. To receive aid, a student must have lived in the state for at least three years and graduated from a Washington high school. **Washington** now joins **California** and **New Mexico** as the only Western states that offer both in-state tuition and financial aid benefits to undocumented students. Also introduced in **California** in 2014 was SB 1210, which would have established the “California DREAM Loan Program.” As outlined in the legislation, qualified students – those exempt from paying nonresident tuition – would be able to borrow no more than \$4,000 a year and have 10 years to repay the loan following a six-month grace period upon graduation or dropping out of college. Though it failed to pass, the idea of extending additional financial opportunities to undocumented students most likely means this issue will remain an ongoing matter of interest in future legislative sessions in the state, and elsewhere in the West.

Guns on Campus. Another controversial issue that received legislative attention in 2014 was the question of whether or not to allow guns on college campuses. In the 2013 legislative sessions, five Western states introduced bills to either permit or ban weapons on campus, all of which failed or were vetoed.²³ This year, **Idaho** passed SB 1254, making it legal for anyone with an Idaho concealed weapons permit or retired law enforcement officers to carry a gun on all Idaho public campuses. The only exceptions are at venues that seat 1,000 or more people and dormitories. Currently Idaho is the only Western state to successfully pass a state law that explicitly permits guns on campus. **Alaska** also attempted to pass similar legislation in 2014, but SB 176, which would have allowed for the carrying of concealed weapons on University of Alaska campuses, died in committee.

Military and Veterans Education. As more military service members return home following the end of the wars in Iraq and Afghanistan, policymakers continue to consider how to ease their transition back into education and the

workforce. With the passage of SB 16 in 2014, **Utah** created a “Veterans Tuition Gap Program” that provides additional grants to students who have maximized their federal Post-9/11 Veterans Educational Assistance benefits. Additionally, with the passage of HB 45, **Utah** now extends in-state tuition benefits to military service members and veterans. **Washington** passed similar legislation that removed a one-year waiting period to establish residency and qualify for in-state tuition. HB 1101 requires students to have served for at least two years in the military and have been honorably discharged to be eligible for the new benefits. While these approaches follow the lead of other states in granting residency and in-state tuition to veterans, **Washington** also passed legislation in 2014 that awards credit for prior learning to returning service members. Specifically, SB 5969 requires postsecondary institutions in the state to award academic credit for military training applicable to the student’s program of study and degree requirements. **Alaska** considered similar legislation with the introduction of SB 4 during the 2014 session. Though it did not pass, SB 4 directed the University of Alaska to implement policies and procedures to accept military experience as credit toward a degree or technical program.

Currently, 10 Western states – **Arizona, Colorado, Idaho, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah,** and **Washington** – all offer in-state residency and tuition benefits to military veterans or their families. That number may increase in light of the passage of the federal “Veterans Access, Choice, and Accountability Act of 2014.” Under the law, public universities that want to receive GI Bill benefits and funding are required to offer in-state tuition to recent veterans.

Conclusion

Perceived public concern over the rising cost of postsecondary education, in addition to rising student debt, has led policymakers across the country to address the issue of affordability more forcefully than ever. The 2014 legislative sessions in the West were largely dominated by issues of cost and affordability, in addition to productivity and quality and college and career readiness, and numerous approaches were considered and enacted. Since the price tag of a college degree or credential shows little sign of abating, legislatures in the West will likely continue to develop new and inventive ways of keeping costs down, and quality up, during the 2015 legislative sessions and beyond.

Endnotes

¹ State Higher Education Executive Officers, *State Higher Education Finance FY 2013* (Boulder, CO: State Higher Education Executive Officers, 2014), 17.

² Ibid.

³ Lucy Dadayan and Donald J. Boyd, "April 'Surprises' More Surprising Than Expected" (June 2014), accessed 10 July 2014 at <http://www.rockinst.org/pdf/government_finance/state_revenue_report/2014-06-12-Special_ReportV5.pdf>.

⁴ Lucy Dadayan and Donald J. Boyd, "Strong Growth in Personal Income Tax Collections in First Quarter of 2013 but Cloudy Fiscal Outlook" (June 5, 2013), accessed 28 July 2014 at <http://www.rockinst.org/newsroom/data_alerts/2013/2013-06-SRR92_data_alert_djb_v2.htm>.

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⁷ The National Association of State Budget Officers, "Summary: Spring 2014 Fiscal Survey of the States" (Washington, D.C., 2014), 1.

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⁹ American Association of State Colleges and Universities, "Fiscal and State Policy Issues Affecting Higher Education" (Washington, D.C., July 2014), 3.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ State Higher Education Executive Officers, *State Higher Education Finance FY 2013*, 17.

¹⁵ Mac Taylor, *The 2014-2015 Analysis of the Higher Education Budget* (Sacramento, CA: Legislative Analyst's Office, 2014), 10.

¹⁶ SB 14-001, 69th General Assembly, Second Regular Session (CO. 2014)

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²¹ Colorado General Assembly, HB 14-1319 (Enacted). For more detailed information about Colorado's master plan that passed in 2011, "Colorado Competes: A Completion Agenda for Higher Education," and its specific performance measures see Demaree K. Michelau, *Equity in Excellence for Colorado's Future: A Policy Audit and Analysis* (Boulder, CO: Western Interstate Commission for Higher Education, 2014), 4.

²² Initially developed by the National Governors Association and the Council of Chief State School Officers in 2009, the Common Core State Standards seek to better prepare students for college and careers through rigorous content and the application of high order skills aligned with postsecondary and workforce needs. For more information see <<http://www.corestandards.org/>>.

²³ Carl Krueger, *Constructive Innovation: Recapping 2013 Higher Education Legislative Activity in the West* (Boulder, CO: Western Interstate Commission for Higher Education, 2013), 5.

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Western Interstate Commission for Higher Education
3035 Center Green Drive, Suite 200 Boulder, CO 80301-2204

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David A. Longanecker, President

Tel: 303.541.0200

E-mail: Policy@wiche.edu

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This issue of *Policy Insights* was prepared by Carl Krueger, project coordinator, Policy Analysis and Research (303.541.0263 or ckrueger@wiche.edu), WICHE.
