

Audit of Higher Education Tuition-Setting Authority and Opportunity Scholarship & Expansion Programs

SCOPE AND OBJECTIVES

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STATE OF WASHINGTON
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REVIEW COMMITTEE

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Why a JLARC Study of Tuition-Setting Authority and Opportunity Scholarship and Expansion Programs?

The Legislature enacted two major pieces of legislation in 2011 related to higher education.

E2SHB 1795 (2011) granted tuition-setting authority to the public baccalaureate institutions for eight years, through academic year 2018-19. A number of institutional requirements set out in the bill attempt to mitigate the effect of anticipated tuition increases. These requirements include specifying that a larger percentage of tuition revenue be set aside for financial aid.

Increased financial aid is also the focus of ESHB 2088 (2011). The intent of ESHB 2088 is to mitigate the effect of increased tuition on students by creating a new scholarship fund for Opportunity Scholarships through a public-private partnership. In addition, the Legislature created the "Opportunity Expansion Program" to provide increased funding for programs in high demand by employers. Opportunity Scholarships and the Opportunity Expansion Program are ultimately intended to result in more baccalaureate degrees.

Both bills require JLARC to conduct an evaluation in 2018. JLARC plans to combine the two evaluations into a single report.

In 2011, the Legislature Granted Tuition-Setting Authority to the Public Baccalaureate Institutions

Authorized tuition increases for the baccalaureate institutions are typically set in the omnibus appropriations act (operating budget). These increases have varied over time, as follows:

Year	Research Institutions (UW & WSU)	Regional Institutions (CWU, EWU, WWU, Evergreen)
2007-08	7%	5%
2008-09	7%	5%
2009-10	14%	14%
2010-11	14%	14%
2011-12	16%	Ranges from 11% to 16%
2012-13	16%	Ranges from 11% to 16%

E2SHB 1795 granted the public baccalaureate institutions tuition-setting authority **beyond levels set in the operating budget for eight years beginning with academic year 2011-12**. For the first four years (through 2014-15), the Legislature granted broad tuition-setting authority. For the second four years, tuition-setting authority is more restricted, with limits tied to state funding and funding for similar higher education institutions.

E2SHB 1795 also requires the public four-year institutions to comply with several new requirements, including:

- Retaining a greater percentage of tuition for institutional financial aid;
- Providing financial aid to students with demonstrated financial need;
- Informing students about available tax credits;
- Consulting with and providing information to students about the impacts of tuition increases;
- Providing information to students about revenue sources and uses;
- Negotiating performance plans with the Office of Financial Management;
- Reporting new types of accountability data in a uniform dashboard format; and
- Publishing lists of recommended courses for each major for transfer students.

Also in 2011, the Legislature Created Opportunity Scholarships and the Opportunity Expansion Program to Help Mitigate the Effect of Tuition Increases.

ESHB 2088 created Opportunity Scholarships and the Opportunity Expansion Program.

Opportunity Scholarships are intended to provide scholarships to low and middle-income Washington residents to help them earn baccalaureate degrees in **high employer demand** and other programs of study and to encourage them to remain in the state to work. The scholarships are funded by a combination of private and state monies.

The Opportunity Expansion Program is intended to increase the number of baccalaureate degrees in high employer demand and other programs and to **invest in programs** and students to meet labor market demands. Competitive awards will be granted to institutions for this purpose, funded with voluntary contributions of high technology research and development tax credits.

Opportunity Scholarships and the Expansion Program are managed by a Board made up of seven persons appointed by the Governor and staffed by a nonprofit organization. The Board and the nonprofit organization are to provide the Legislature with a report each December on various aspects of the scholarships and the Expansion Program.

Study Scope

- I) To evaluate the impact of institutional tuition-setting authority on:
 - Student access and affordability; and
 - Institutional quality.
- II) To evaluate the impact of Opportunity Scholarships and the Opportunity Expansion program on student access and affordability, specifically:
 - Mitigating the impact of tuition increases;
 - Increasing the number of degrees in high employer demand and other programs; and
 - Investing in programs and students to meet market demands while filling middle-income jobs with a sufficient supply of skilled workers.
- III) To evaluate the institutions' compliance with the requirements of E2HSB 1795.

Study Objectives

Access & Affordability

- 1) Have tuition rates changed at public four-year institutions since tuition-setting authority was granted? How were these changes communicated to students?
- 2) Has access to public four-year institutions changed since tuition-setting authority was granted? Are there changes in enrollment, retention, and graduation for students in total and by various subgroups and programs?
- 3) Have financial aid awards of all types changed since tuition-setting authority was granted?
- 4) Has a percentage of tuition been retained for institutional financial aid and for needy students? Have financial aid awards been made to needy students?
- 5) Have the state's Opportunity Scholarship and Opportunity Expansion programs increased affordability and access for students?
 - a) How many students have received Opportunity Scholarship funds? How many have participated in the Expansion Program?
 - b) How many and what type of proposals have been submitted for the Opportunity Expansion Program? How many have received awards? In what amounts? How do they match with employer demand?
 - c) What are the sources and amounts of funding for the Opportunity Expansion Program and Opportunity Scholarships? How much has been spent in administrative fees and other costs?
 - d) Has the number of high employer demand and other degrees increased as a result of Opportunity Scholarships and the Expansion Program?
 - How many and what types of degrees have been earned by Opportunity Scholarship recipients and Expansion Program participants compared to other types of students?

- How do graduation rates, retention, and graduation efficiency of Opportunity Scholarship recipients and Expansion Program participants compare to other types of students?
- e) To the extent data are available; how many and what types of jobs are attained by Opportunity Scholarship recipients and Expansion Program participants compared to other types of students?

Institutional Quality

“Institutional quality” has not been defined in statute for this assignment.

- 1) What measures of “institutional quality” exist?
- 2) Using those measures, has institutional quality changed before and after tuition-setting authority was granted?

Compliance

Have the institutions complied with various requirements of E2HSB 1795, such as performance plans, reporting accountability data, and communicating various information to students?

Timeframe for the Study

JLARC staff plan to begin working with various stakeholders including the public baccalaureate institutions, the Education Research and Data Center, the Opportunity Scholarship Board, and the nonprofit organization staffing the Board immediately to collect data for this study. JLARC staff may provide status reports to the Committee prior to 2018.

Staff will present the preliminary and final reports at the JLARC meetings in October and December 2018, respectively.

JLARC Staff Contact for the Study

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Criteria for Establishing JLARC Work Program Priorities

- Is study consistent with JLARC mission? Is it mandated?
- Is this an area of significant fiscal or program impact, a major policy issue facing the state, or otherwise of compelling public interest?
- Will there likely be substantive findings and recommendations?
- Is this the best use of JLARC resources? For example:
 - Is JLARC the most appropriate agency to perform the work?
 - Would the study be nonduplicating?
 - Would this study be cost-effective compared to other projects (e.g., larger, more substantive studies take longer and cost more, but might also yield more useful results)?
- Is funding available to carry out the project?