

**Transparency  
in Higher  
Education Data  
Report 10-10**

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STATE OF WASHINGTON  
JOINT LEGISLATIVE AUDIT AND  
REVIEW COMMITTEE

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## REPORT SUMMARY

### **Current Reporting Does Not Link Higher Education Data on Revenues, Expenditures and Performance**

Currently, the Legislature and others cannot easily examine expenditure and revenue information in conjunction with performance information about the state's four-year higher education institutions. Legislators cannot easily compare the levels of state dollars they are investing, the institutions' expenditure choices, and information on what those investments are yielding in terms of results such as the number of degrees awarded and graduation efficiency.

In 2009, the Legislature asked the Joint Legislative Audit and Review Committee (JLARC) to explore the feasibility of linking expenditure, revenue, and performance information for the state's four-year higher education institutions (ESHB 2344).

### **Linking Information at Three Levels of Complexity**

This study discusses linking information at three levels of complexity:

- **Reporting:** Bringing together expenditure, revenue, and performance information for a single institution;
- **Comparing:** Bringing together information about expenditures, revenues, and performance in a manner that allows for comparing the institutions to one another and/or to peers; and
- **Identifying Relationships:** The most complex of the three levels, this involves identifying how expenditures, revenues, and performance influence, and are influenced, by each other.

### **Results: Information to Support Reporting on and Comparing Higher Education Institutions is Currently Available; Identifying Relationships Would Require Additional Work**

In general, comparable expenditure, revenue, and performance information is currently available for each institution, although the information is collected and stored in numerous different locations. Linking this information for the purposes of reporting on and comparing institutions would require an agency or other entity pulling together existing data from all the various locations and providing access to it in a way that allows users to select the information they wish to review in the three different categories.

More work would be required to identify the more complex linkage of how expenditures, revenues, and performance influence one another.

**Reporting on and Comparing the Institutions: Data Availability, Data Gaps, and Addressing Those Gaps**

Chapters One through Three of this report provide detail on the expenditure, revenue, and performance information that is currently available. JLARC’s analysis also identified the following gaps in that information, along with potential solutions for addressing those gaps. These suggestions are offered as “potential solutions” since none of the gaps are compliance issues; instead they are issues of transparency or comparability among the institutions.

Data Gap	Potential Solution
<p>Program categories and definitions currently used for reporting expenditures in the Agency Financial Reporting System (AFRS) are old and may be outdated.</p>	<p>Office of Financial Management (OFM), with input from the Legislature, should review the higher education program categories and definitions used in AFRS for reporting expenditures to determine if they need to be updated to serve current information needs.</p>
<p>OFM no longer maintains higher education program categories and definitions and does not review for consistency in expenditure reporting.</p>	<p>The Legislature should direct OFM to (a) maintain specific program categories and definitions for the six higher education institutions to use in reporting their expenditures, and (b) review expenditure reporting to see if the institutions are reporting consistently.</p>
<p>Nonappropriated/nonallotted funds are not typically included in the monitoring reports used by legislators and legislative staff.</p>	<p>Legislative Evaluation and Accountability Program (LEAP) Committee should develop an option for including the nonappropriated/nonallotted funds on higher education fiscal reports.</p>
<p>It is not currently possible to see how much revenue is generated from different types of student fees and how each type of fee revenue is spent.</p>	<p>The Legislature should identify which fees it wants to track separately and then establish separate funds for those fees.</p>
<p>The institutions are not depositing all revenues from the same sources into the same accounts.</p>	<p>The Legislature should develop more specific statutes on which revenues should be deposited in which funds.</p>
<p>Higher Education Coordinating Board (HECB) accountability framework does not include measures for research and public service.</p>	<p>The Legislature should consider whether it wants to require HECB to expand the accountability measures to include research and public service.</p>
<p>Reporting on HECB’s high demand degree performance measure is not comparable among institutions.</p>	<p>HECB should ensure all institutions are reporting on the high demand degree performance measure consistent with HECB definition.</p>
<p>HECB has not yet produced a required cost of degree study.</p>	<p>HECB should complete its required cost of degree study.</p>

In addition to the gaps listed above, JLARC found two compliance issues:

**1. An OFM Fund Reference Manual definition for one fund is not consistent with statute.**

**Recommendation 1**

**OFM should correct its Fund Reference Manual definition to comply with statute.**

<b>Legislation Required:</b>	None
<b>Fiscal Impact:</b>	JLARC assumes this can be completed within existing resources.
<b>Implementation Date:</b>	July 2011

**2. Some institutions did not provide accurate and/or complete reporting to students on the amount of state support students receive.**

**Recommendation 2**

**Central Washington University, the University of Washington, Washington State University, and Western Washington University should comply with statute to correctly disclose the amount of state support their students receive.**

<b>Legislation Required:</b>	None
<b>Fiscal Impact:</b>	JLARC assumes this can be completed within existing resources.
<b>Implementation Date:</b>	By the institutions' next publication date.

***Identifying Relationships Between Revenues, Expenditures, and Performance Would Require Additional Work***

Analytic models, such as regression models or cost models, are an approach that decision makers could pursue to gain a better understanding of the relationship between revenues, expenditures, and performance – but these models would take time to build. Negotiated agreements are another approach that could be pursued. Performance agreements (a type of negotiated agreement) have not yet been successful in Washington, although other states have been able to put them in place. Chapter Four provides more information on analytic models, and a summary of Washington's most recent experience with performance agreements, as well as four other states' evaluations of performance agreements.