

A Call to Action: Renewing our Commitment to Serve More Students

Why increasing educational attainment is vital to Washington's future

For more than 26 years the Washington Higher Education Coordinating Board has advocated for more affordable access to all forms of postsecondary education. Educating many more Washingtonians to higher levels remains the overarching goal of state higher education policy.

Our higher education institutions have responded to many challenges since 1985, when the Board was created by an act of the Legislature. These include the formation of the branch campuses and numerous university centers, a significant expansion of community and technical college capacity, many new teaching sites, and improvements in distance and online education.

During this period our public colleges and universities, the independent non-profit institutions and the private career institutions have been highly innovative, developing hundreds of new degree and certificate programs in response to changing societal and workforce needs, and finding new ways to support student success.

Funding cuts threaten to reduce future access

Despite these accomplishments, continuing funding cuts and corresponding tuition increases threaten to place higher education beyond the financial reach of a growing percentage of our citizens. As a state and as a society we cannot allow this to happen.

As we move forward in the 21st century, we must redouble our efforts to increase affordable access to higher education—especially for the rapidly growing numbers of under-served students now emerging from our public schools.

Not rising to this challenge will impede our economic growth and make it more difficult to maintain a civil and productive society. Worse, we will not have made good on our historic compact to educate the next generation.

The benefits of raising educational attainment

As we have consistently emphasized, rising levels of education produce significant increases in overall prosperity, which lead to improved tax collections, reduced demand for government services, higher levels of volunteerism and civic participation, and reduced incarceration rates.

But despite these benefits, we are preparing far too few of our citizens to obtain the well-paying jobs of the future. Studies repeatedly have confirmed too few Washingtonians are earning degrees and certificates to meet current and projected workforce needs.

Even worse, we aren't keeping up with other developed states and nations—our competitors—who are investing in higher education more aggressively than we are. They know the dividends education pays over the long term. We do as well.

There is strong projected demand for educated workers in Washington.

- We rank sixth among all states and the District of Columbia in the percentage of jobs that by 2018 will require postsecondary education.
- A 2010 study done at Georgetown University projected 677,000 jobs requiring postsecondary credentials will be created in Washington between 2008 and 2018.
- However, despite this demand Washington ranks 42nd nationally in the percentage of our citizens aged 20 to 34 who have earned a bachelor's degree, and 36th in the percentage who have earned an advanced degree.

To fill the gap between the degrees we produce and those we consume, we have become one of the nation's highest per-capita importers of talent, a strategy that will be less and less effective as the recession unwinds and competition for talent becomes more intensive.

The problem we face is not the efficiency of our higher education institutions. They rank **first** nationally in bachelor degree completion rates and **fifth** in advanced degree completion rates. Our state simply lacks the capacity to produce greater numbers of graduates, a fact directly related to the amount of state support our higher education institutions receive.

To educate a greater percentage of our population to higher levels, we need to expand the number of degree programs being offered at all levels and in all sectors, hire additional faculty and staff, ramp up alternative delivery strategies such as distance learning, and develop new centers and teaching sites in remote or hard-to-reach areas.

All this needs to be taking place now, and it cannot happen without additional state support. Relying on large tuition increases to fund public higher education won't enable us to make the gains that are needed.

The impact of disinvesting in higher education

Over the last three years, appropriations to our community and technical colleges and baccalaureate institutions have been drastically reduced.

- In 2000, tuition accounted for an average 28 percent of the instructional costs at the four-year colleges and universities and 23 percent at the community and technical colleges.
- In 2013, tuition will provide 65 percent of instructional costs at the four-year institutions and 37 percent at the community and technical colleges.

- Per-student appropriations, on a steady downward track for many years prior to the recession, are now lower than they were in 2000. Some hope was raised this year when the Legislature did not impose further budget cuts in FY 2013, but we have a deep hole to dig out of.

Institutions have been allowed by necessity to increase tuition rates substantially to make up for part of these reductions. But over-relying on tuition to fund public higher education produces a ripple effect felt across all our state's postsecondary institutions and by all prospective and current students. For example:

- GET, the state's college savings program, has been forced to more than double unit prices to ensure the fund's future solvency. If the state continues to over-rely on tuition as a primary funding source, many middle-income families may no longer be able to afford to purchase units.
- Sharply higher tuition rates significantly increase student debt, which has been shown to discourage participation by under-represented students and, increasingly, among middle-income students who do not qualify for financial aid.
- Over-relying on tuition makes it far more difficult to appropriate the levels of student financial assistance necessary to maintain equitable access to higher education.
- Over-relying on tuition also tends to make it more difficult to hold the necessary public discussion about what levels of cost-sharing are appropriate.

Maintaining adequate levels of financial aid

Washington has long been a leader in providing enough student financial aid to mitigate the impact of tuition increases on affordable access. But we are now falling behind in this commitment, which is critical if we want to make progress rather than stand still or slide backward.

- In 2012 an estimated 26,000 students who qualified for a State Need Grant – students from families at the lowest income levels in our state – did not receive assistance. Just a few years ago we were serving all but about 1,500 on an annual basis.
- Funding for the State Work Study program has been cut 66 percent – reducing the total number of students served from 9,300 to the current estimate of 3,500. In addition, the number of employers participating has been reduced by 500.
- Our public institutions will derive nearly \$275 million in operating revenue from State Need Grant distributions in FY 2013.

Financial aid often goes unrecognized as the third element of higher education finance. New ways to leverage state and federal financial aid are being explored by colleges and universities

nationwide. It will be impossible to educate a greater percentage of our population without this commitment.

Future funding realities

A greater percentage of our young people are seeking postsecondary education now than did four years ago because they realize a degree, certificate or apprenticeship is necessary to obtain a living-wage job.

- During this downturn, those with only a high school education or less have been unemployed at twice the rate of those who have a baccalaureate degree.

However, meeting the rising aspiration for higher education is only one of the challenges we face. We also need to reach out and include a greater percentage of our citizens, those from rapidly growing under-represented groups. No additional amount of efficiency or innovation will be enough to achieve our degree goals unless we include these students. And this will require steady and increasing levels of state support.

We believe a new, outcomes-based funding approach might help stimulate renewed state investment in all areas of postsecondary education, enabling our two- and four-year institutions to meet growing student demand, maintaining affordability, increasing overall degree production, and better targeting funding to meet critical degree gaps in science, technology, engineering and mathematics.

Such a reinvestment can't happen overnight, but with new planning tools that link funding to specific outcomes and more collaborative engagement by the Legislature and our state's educational and business communities, the Washington Student Achievement Council may be in a unique position to help spur reinvestment over time.

Conclusion

As higher education institutions and states nationwide continue to grapple with new funding realities, we again stress the need to find new ways to invest in our children's and our society's futures by maintaining our historic commitment to educating all our citizens to higher levels. Institutions and states share this responsibility.

Current funding approaches are inadequate to permit us to expand at the rate we need to. Equally, institutions need to get better at innovating, adapting, and focusing on outcomes. Moving from an enrollment-driven funding formula to a new, outcomes-based method of financing represents a promising route to the future.

Under this approach, the state might determine the number degrees it needs broadly and then contract with its higher education institutions to provide those degrees. The rate at which the

state provided support would reflect the actual cost to educate a specific number of students. Premium rates might be applied to degrees in critical fields.

Higher education institutions continue to be the best place for our younger citizens to develop the critical thinking skills, the passion for lifelong learning, the creativity and the perseverance that will make them not just good employees but outstanding citizens. Education in the broadest sense is needed to help us meet the challenges of the future.