

January 2010

## Higher Education Finance Study

In 2009, the Legislature endorsed the Higher Education Coordinating Board process for developing a system design plan to define how the current higher education delivery system can be shaped and expanded over the next ten years.

The *System Design Plan*, adopted by the HECB in November 2009, offers a strategic framework for expanding Washington's higher education system over the next two decades and beyond. It establishes a set of principles to guide progress toward the central vision of increased degree production set forth in the 2008 *Strategic Master Plan for Higher Education* and aligns well with the 2009 Obama Administration's aggressive goal of raising the nation's educational attainment levels to 60 percent.

*System Design Plan* available at:

<http://www.hecb.wa.gov/news/newsreports/documents/ReportSystemDesign-FINAL2010.pdf>

A final consideration of the *System Design Plan*, which was also included in the Board's *Tuition Policy Report*, calls for conducting a more comprehensive higher education finance study as the next critical step in the implementation of the 2008 *Strategic Master Plan for Higher Education* (Board Resolution 09-29). In order to achieve the targeted goal of a 40 percent annual increase in degrees earned, higher education opportunities in Washington need to expand efficiently and strategically. And that strategy depends on more stable and predictable means for financing higher education.

At the January 29 meeting, the Board and the Advisory Council will conduct a preliminary discussion about the scope and purpose of the higher education finance study.

Following a brief description of the enclosed Planning Context diagram, Ann Daley, executive director, will facilitate discussion of three major topics for the Board and Advisory Council to begin framing the study questions:

- What is being "purchased" from higher education?
- What and who should determine the cost of that purchase?
- How should that purchase be financed?

# Higher Education Financing Policy Study *(pre) Planning Context*

## *PROBLEM STATEMENT*

**Achieving Washington's 2008 Higher Education Master Plan Goals will require changes in the way public universities and colleges are funded.**

- State funding for higher education in Washington is unpredictable from biennium to biennium.
- The state share of funding public higher education is declining, risking student affordability and academic quality...

## *PURPOSE OF THE STUDY*

- 1) **To provide a comprehensive description and assessment of how higher education is funded.**
- 2) **To identify and evaluate feasible financing and budgeting alternatives.**
- 3) **To recommend a state Higher Education Fiscal Policy that will support the achievement of the 2008 Master Plan.**

## *ORGANIZING THE STUDY*

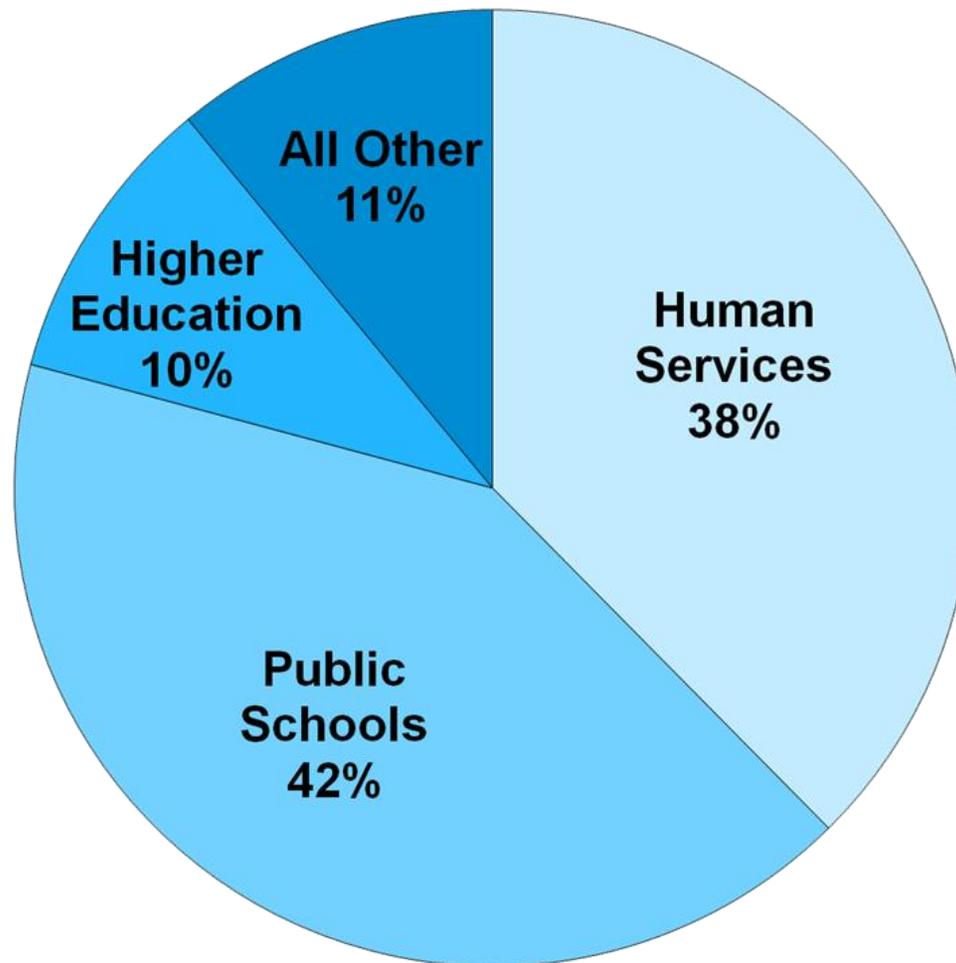
- **Designate study participants**
- **Define specific study questions**
- **Determine Study Work Plan & Schedule**

## Scope and Purpose of the Higher Education Finance Study

### Topics for Discussion

- *What is being “purchased” from higher education?*
- *What and who should determine the cost of that purchase?*
- *How should that purchase be financed?*

**Washington State 2009-11 Operating Budget, Near General Fund- State**  
Total: \$33.9 billion, including \$2.5 billion of one-time federal stimulus funding

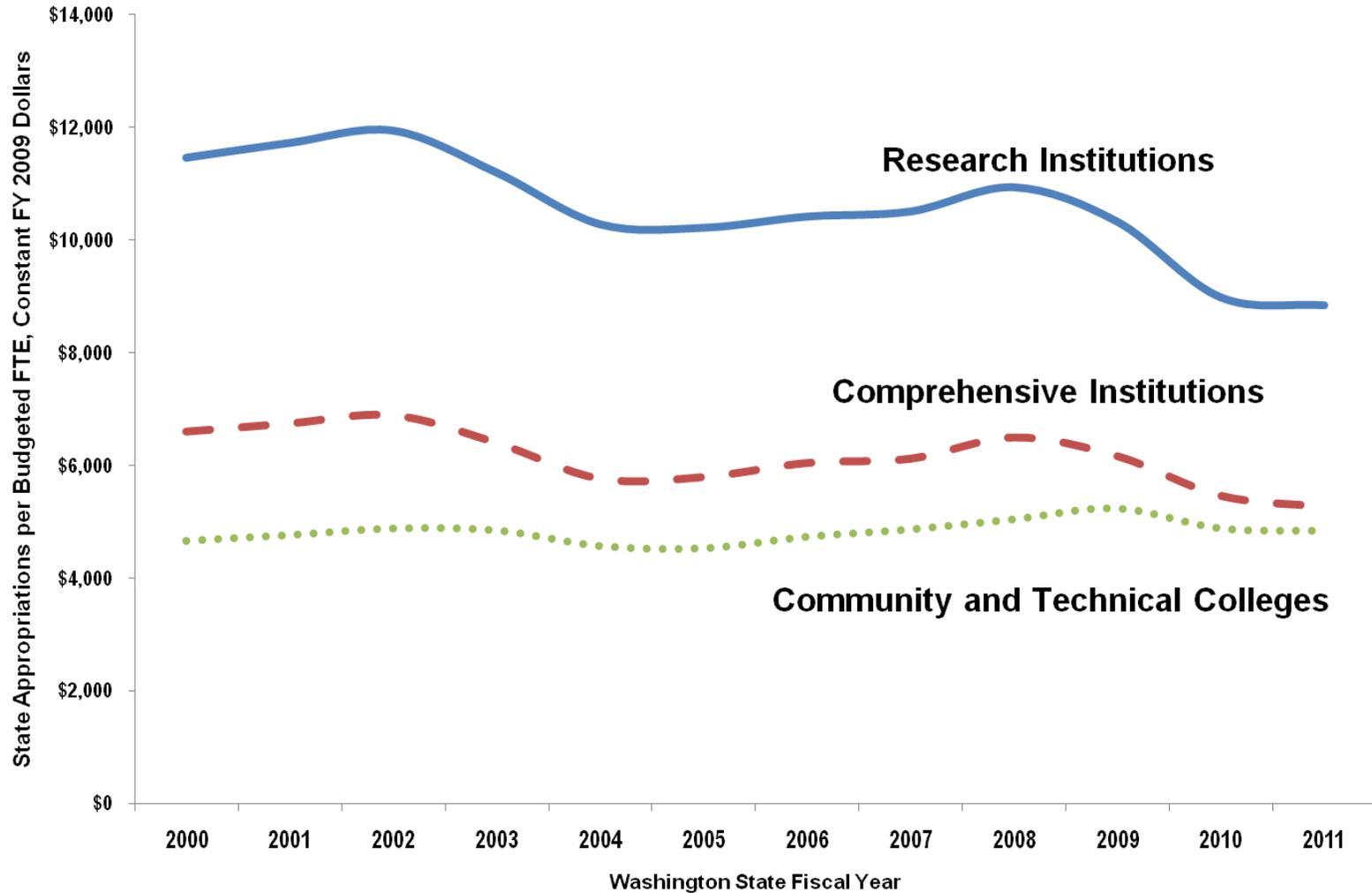


Note: Spokane Intercollegiate Research and Technical Institute is included in "All Other," and not "Higher Education."

Source: [fiscal.wa.gov](http://fiscal.wa.gov), accessed 10/07/09.

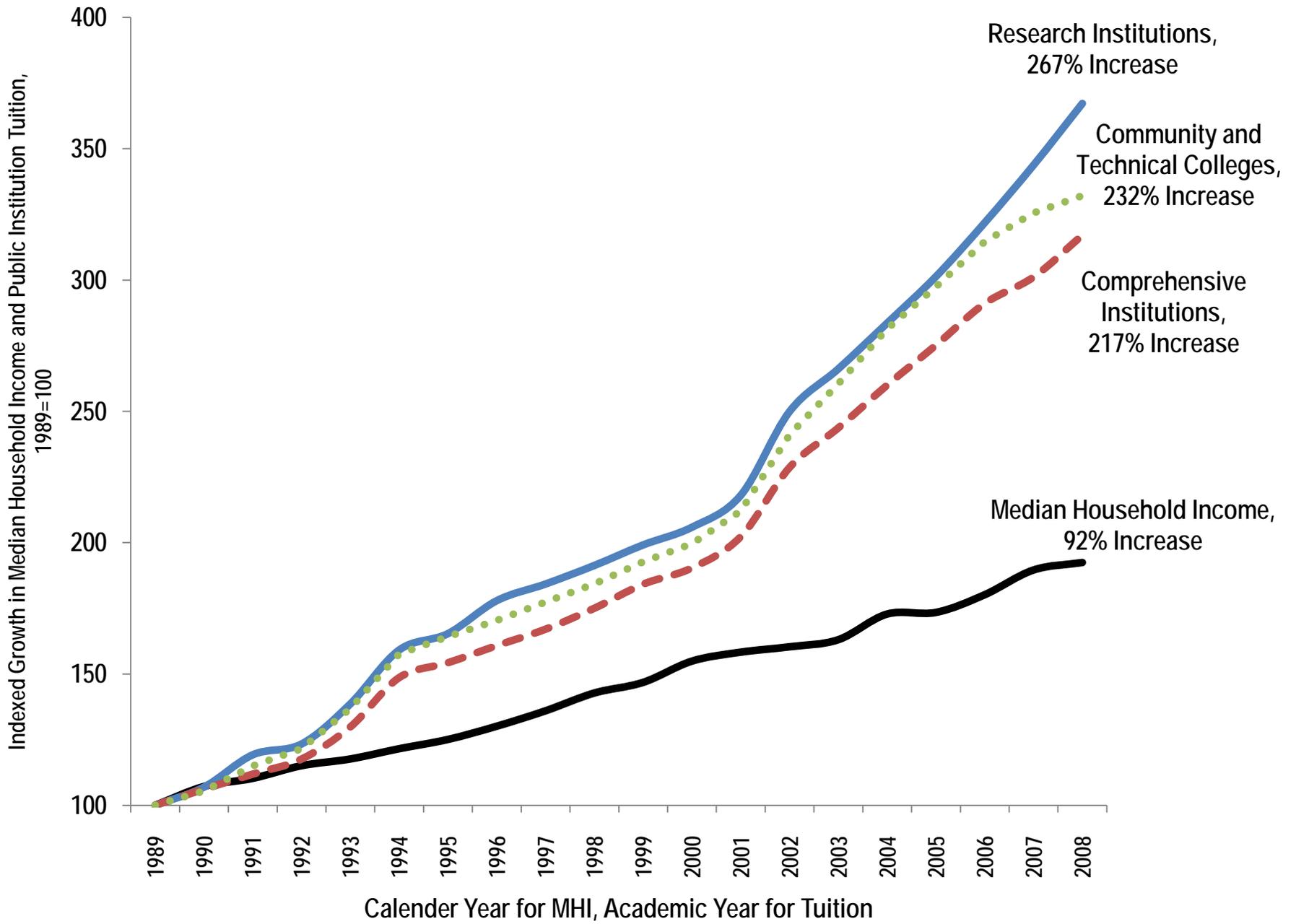
## Near General Fund-State Operating Appropriations per Budgeted Student FTE for Washington Public Higher Institutions by Sector

IPD Adjusted Constant FY 2009 Dollars

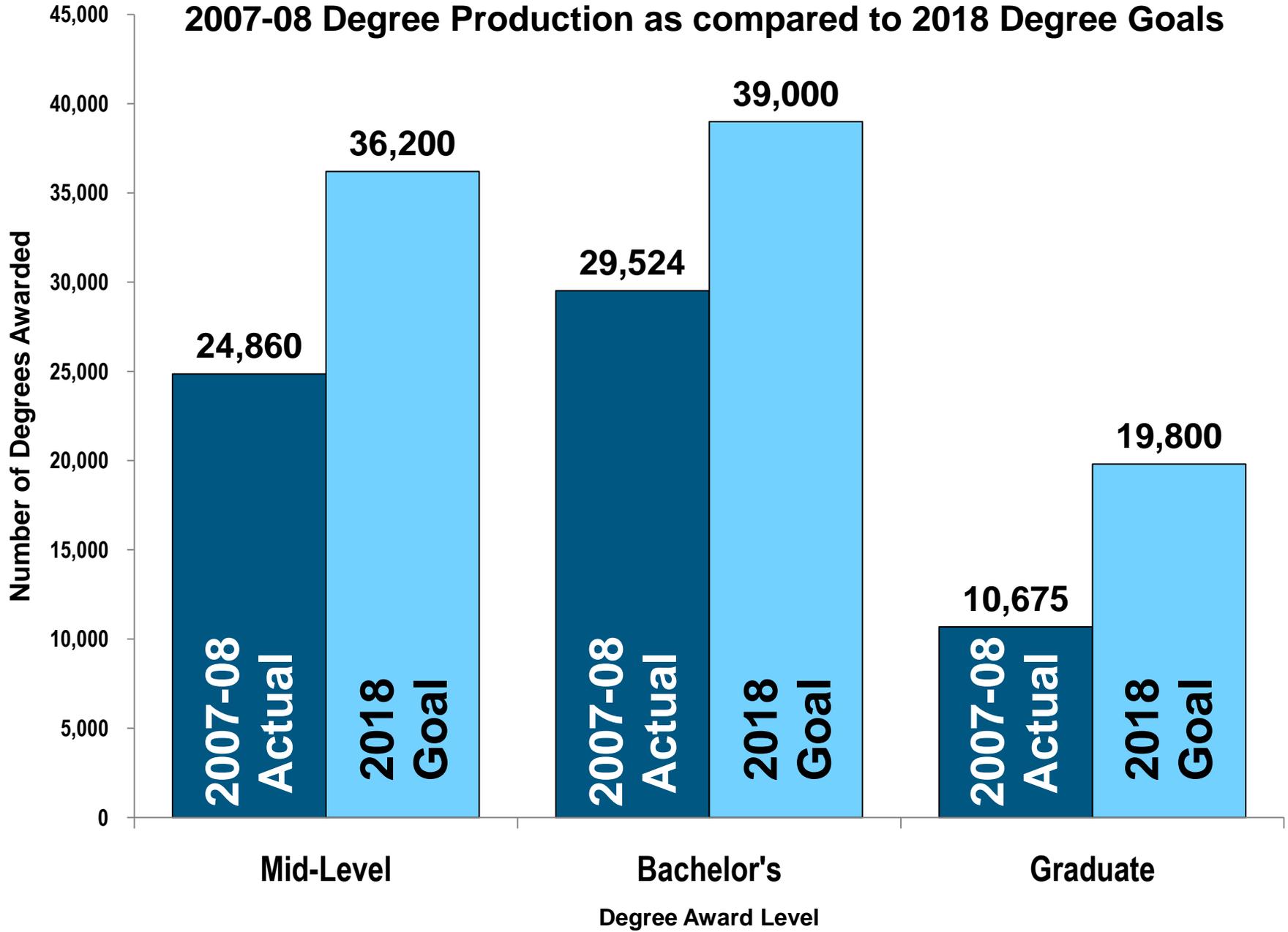


Sources: For Appropriation Data: Office of Financial Management Budget Allocation and Support System. For Budgeted Student FTE Data: Legislative Evaluation and Accountability Program Committee Legislative Budget Notes. For IPD Adjustment: Legislative Evaluation and Accountability Program Forecast Data.

Note: This chart reflects budgeted student levels for only state-funded students. Institutions frequently enroll more students than budgeted. Appropriations reflect the final supplemental budget of the biennium with the exception of FY 2010 and FY 2011 which reflect the 2009-11 Operating Budget as Enacted. Running Start Enrollments not reflect in Community and Technical College Budgeted FTE Enrollments.



# 2007-08 Degree Production as compared to 2018 Degree Goals



# SPD 9- IPD Adj per FTE SHIF

