

New Approaches to the New Normal: Recapping 2012 Higher Education Legislative Activity in the West

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While tax revenues in many Western states have improved since FY 2011, the 2012 legislative sessions still experienced what has become the familiar round of funding cuts to higher education, coupled with tuition increases for students. The good news is that the cuts and increases weren't as severe as in previous years, despite continued aversion to spending by most state legislatures. The bad news is that the loss of stimulus funds and the rising cost of health care, K-12 education, and other public services mean that states still face a tremendous amount of economic pressure. This *Policy Insights* brief summarizes key themes from the 2012 legislative sessions and highlights some emerging issues to watch in the West.

Higher education remains a favorite target for policymakers looking to balance tight budgets. In fact, higher education received significant attention during the 2012 legislative sessions, at least in the states that had sessions. Twelve Western states held legislative sessions during 2012, the exceptions being Montana, Nevada, and North Dakota, which only convene biennially. In addition to the regular sessions, Alaska, Colorado, Utah, and Washington also convened special sessions in 2012. Utah's special session dealt partially with public education budget issues and accreditation for nursing education programs, while the special session in Washington focused solely on the FY 2013 state budget. Colorado's special session considered legislation unrelated to education, instead focusing on water projects, civil unions, and driving under the influence of marijuana. Alaska's special session similarly dealt with non-education issues like oil and gas taxes and sex crimes.

While higher education financing issues – including attempts at implementing a new wave of outcomes-based funding in several states – dominated legislative activity in 2012, several other common themes and issues developed throughout state sessions. Legislators increased their focus on data, accountability, productivity, and completion, in addition to adult learners, workforce development, and the Common Core State Standards. Major governance changes also altered the higher education landscape in California, Oregon, and Washington.

This *Policy Insights* brief summarizes these themes and highlights some emerging issues to watch in the West. While the primary focus of this brief is on bills passed during the 2012 legislative sessions, policies enacted in

2011 and, in some instances, 2010, have been included to provide context and track the evolution and progress of certain issues.

Out With the Old ...

The 2011 and 2012 legislative sessions are notable for major governance changes in three Western states. In what was essentially a cost-cutting measure, **California** abolished the California Postsecondary Education Commission (CPEC). A victim of a struggling state economy, Governor Jerry Brown eliminated the commission's funding with a line item veto of the state budget passed by the general assembly. CPEC ceased operations on November 18, 2011; as of this writing, no other state agency has taken its place.

Also in 2011 the **Oregon** State Legislature created the Oregon Education Investment Board (OEIB) with the passage of SB 909. Members are appointed by the governor and oversee all levels of education in the state, preschool through college. The same bill also created the position of Chief Education Officer to oversee the entire OEIB and the Early Learning Council to work in conjunction with the OEIB. With the passage of SB 242, 2011 also saw the Oregon Legislature create the Higher Education Coordinating Commission, which takes the place of the Oregon Student Assistance Commission and coordinates higher education policies related to community colleges and the Oregon University System. In 2012 SB 1581 identified the positions and agencies under the authority of the Chief Education Officer, including the state's community college and university systems, the Oregon Student Access Commission, the Early Childhood System,

the deputy superintendent of public instruction, and the Higher Education Coordinating Commission.

In **Washington** HB 2483, enacted in 2012, abolished the Washington Higher Education Coordinating Board and created the Washington Student Achievement Council (WSAC) to take its place. According to the bill, the purpose of the WSAC, which became operational on July 1, 2012, is to provide greater focus on student achievement and educational attainment, which includes strengthening transitions between K-12 and higher education, as well as between postsecondary institutions; setting minimum college-admission standards; and developing a “10-year roadmap” for higher education. HB 2483 also created the Joint Higher Education Committee of the Legislature to monitor and offer feedback on the work of the council; to provide recommendations for higher education policy; and to improve coordination and alignment between the state’s higher education system and the legislature.

It’s Still About the Money

Though revenues are up for some Western states, others continue to face disproportionately high unemployment rates and sluggish job growth, all of which send mixed signals about the economic conditions of the region. Nevada has the highest share of unemployed workers at 11.6 percent and California is the third worst in the nation at 10.8 percent.¹ Arizona, Colorado, Oregon, and Washington have unemployment rates above 8 percent, also placing them among the nation’s worst, as of September 2012.² The news is not all bad for the West, however. North Dakota led the nation in job growth at 5.6 percent between September 2011 to September 2012, according to the U.S. Bureau of Labor Statistics.³ North Dakota also has the lowest unemployment rate in the nation at 3.0 percent.⁴

Deficits remain a significant issue for many states – a product of several factors, including loss of American Recovery and Reinvestment Act (ARRA) funds, which many states had used to offset declining revenues, and the ongoing rise of healthcare, K-12, and other social services.⁵

In the midst of the economic turmoil of the past five years, many policymakers have identified postsecondary education as a way to improve workforce development and boost sagging state economies. But more policymakers touting the value of higher education does not necessarily translate to more money. While previous legislatures during the recession tended to find themselves scrambling to balance budgets, often by deeply cutting higher education, legislators in several states during 2012 adopted a more cautious and considered approach to higher education finance issues. The creation of committees or task forces, with the charge to study issues and develop strategies that emphasized productivity and financial transparency, were indicative of this approach.

In 2011 **North Dakota** passed HB 1033, legislation that directs what the state refers to in the bill text as the “legislative management chairman” to appoint an interim higher education committee to study issues affecting higher education, including performance-based funding, funding based on student enrollments, and higher education budget methods.

In 2012, **Colorado** passed HB 1252, the Transparency of Higher Education Financial Information Act, which requires institutions that receive state College Opportunity Fund money to develop and maintain a publicly searchable database that tracks revenues and expenditures.

Financial Aid

Some Western states have addressed affordability issues by creating new scholarships or developing other strategies to curb rising tuition costs in innovative ways:

- **Alaska.** Legislation passed in 2010 created the merit-based Alaska Performance Scholarship, which requires students to earn a minimum 2.5 GPA and score well on a college or career readiness exam in order to receive the award. HB 104, passed in 2012, created an account for the Performance Scholarship and the AlaskAdvantage Education Grant; the AlaskAdvantage Education Grant provides increased need-based assistance. The account for both exists in the general fund, and according to the bill text, consists of “money appropriated to the fund, income earned on investment of fund assets, and donations to the fund.”
- **South Dakota.** HB 1175, passed in 2011, created the Jump Start Scholarship for students who graduate from high school one year early.
- **Idaho.** A recently created Idaho Scholarship Committee is currently studying the effectiveness of existing state support for students, including both need and merit programs. Co-chaired by the state’s first lady and the former president of the Idaho State Board of Education, the committee will release its findings when their work is complete.
- **Nevada.** Senate Bill 449, which passed in 2011, authorizes the Nevada Board of Regents to adjust the amount of tuition charged based on the demand for or the costs associated with a particular academic program or major. The bill also directs the regents to create scholarships and reduced fee schedules for disadvantaged students, critical for a state that is still facing serious economic woes.
- **California.** In another cost-cutting measure, Cal Grant awards were reduced by 5 percent in the 2012-13 budget signed by Governor Brown. The state also imposed new restrictions on award eligibility, requiring institutions to show a graduation rate of at least 30 percent and a loan-default rate no higher than 15.5 percent to qualify. Under the new rules, 154 mostly

proprietary colleges and some private schools in the state are ineligible to receive Cal Grant funds during the 2012-13 academic year.⁶ Provided voters pass a ballot measure that proposes to raise income tax on the wealthy and implement a modest sales tax increase, there should be no further cuts to higher education. If voters do not approve the measure, an automatic \$250 million will be cut from the University of California and California State University systems.

The question remains whether or not improved state budgets will lead to increased funding for higher education in the coming years. Despite the revenue gains made during the 2012 legislative sessions, state spending declined to levels not seen since the 1980s.⁷ In fact, according to the State Higher Education Executive Officers (SHEEO), in 2011, state student support fell to its lowest level in 25 years: an average of \$6,290 per student.⁸

No matter how much state economies improve or whether or not states increase spending to pre-recession levels, the chances that postsecondary funding levels will ever return to what they were before the economic downturn of the early 1990s are slim. Higher education is going to have to continue working in the context of what has often been called the “new normal” – a greater reliance on tuition revenue as opposed to state revenue. If higher education is going to drive state economies, state and institutional leaders will need to work together to allow greater flexibility without sacrificing quality. And, one trend is clear: as states struggle to do more with less, a greater focus on productivity and accountability will most likely continue to dominate legislative sessions.

Performance-enhancing Legislation

Tight state budgets have led many policymakers across the country to try to eliminate “inefficiencies” in their systems of higher education and tie state support of postsecondary institutions to performance measures related to persistence, completion, and workforce development.

The idea of performance funding is nothing new. It first gained traction in the late 1970s, and states have tried implementing a variety of models throughout the intervening years, with limited results.⁹ But the recent economic crisis and its effect on state budgets have created new interest in the approach, with more states increasingly looking to establish performance-based initiatives or redesign their funding systems. According to the Working Poor Families Project, by the end of the 2011 legislative sessions, 20 states were either considering or had adopted some form of outcomes-based funding regulations for public institutions.¹⁰

Nine Western states considered productivity and performance-enhancing measures during the 2011 and 2012 legislative sessions, and eight saw legislation pass (see Table 1).¹¹

As the table shows, most activity in the states related to outcomes-based funding is still in the planning stages. Committees have been created and studies have been

Table 1. Outcomes-based Funding Legislation in the West, 2011-12

State	Legislation	Purpose	Status*
Arizona	SB 1530 (2012)	Directs the Arizona Board of Regents to establish a performance-based funding model. Outcomes include an increase in degrees awarded, in completed credit hours, and in externally-generated research.	E
Colorado	SB 52 (2011)	Includes a legislative declaration concerning the areas of focus for the statewide system of higher education and the intent of the general assembly to provide rewards for institutions of higher education that make progress in these areas provided state revenues exceed \$706 million by 2016.	E
New Mexico	HB 2 (2012)	Directs that 5 percent of FY 2013 higher education funding be outcomes-based. Performance measures include course completion; total number of degrees and certificates awarded; the number of degrees and certificates awarded in workforce priority areas; and the degrees and certificates awarded to disadvantaged students.	E
Nevada	SB 374 (2011)	Considers funding based on completed courses instead of enrollments and rewards institutions for the achievement of specific goals for graduating students.	E
North Dakota	SB 2300 (2011)	Directs the North Dakota Commission on Higher Education to examine alternate postsecondary funding mechanisms and reward institutions for increases in the number of degrees awarded, on-time graduations, degrees awarded to low-income students, and the number of students retained beyond their first year of enrollment.	F
	HB 1033 (2011)	Directs the legislative management chair to appoint an interim higher education committee to study issues affecting higher education, including performance-based funding.	E
Oregon	SB 242 (2011)	Creates a process for the State Board of Higher Education to enter into a performance compact with the state.	E
	SB 1581 (2012)	Creates achievement compacts between the Oregon Education Investment Board and governing body of an education entity for the purpose of measuring student outcomes.	E
South Dakota	SB 192 (2012)	Approves the one-time appropriation of \$3 million to establish a pilot performance funding program. This appropriation will be matched by the six public universities in the state. Institutions will be rewarded based on degree completion rates and the number of graduates in high-need workforce areas.	E
Utah	SB 97 (2011)	Establishes mission-based funding, which includes performance outcomes and strategic priorities designed to improve the availability, effectiveness, and quality of higher education in the state.	E
Washington	SB 5915 (2011, re-introduced 2012)	Directs the now-defunct Washington Higher Education Coordinating Board to establish a monitoring and reporting system to meet long-term accountability performance goals in higher education.	F

* E - Enacted; F - Failed.

commissioned, but little in the way of concrete plans has been implemented. There are a few notable exceptions, including recent activity in Colorado, New Mexico, South Dakota, and Washington.

In 2011, **Colorado's** passage of SB 52 – which basically seeks to create a new master plan for higher education – states that the general assembly will provide rewards to institutions that make progress toward meeting high priority educational and workforce needs. The legislation further directs the Colorado Commission on Higher Education to “negotiate performance contracts for the public institutions of higher education” once the new master plan is in place. For the moment, this outcomes-based approach holds only future promise since it is not expected to be in place until 2016 at the earliest, pending the “creation of the state and institutional goals and identification and collection of the necessary data and restoration of state general fund moneys to the state system of higher education.” If implemented, this legislation will also be notable for its attempts to address the needs of low-income and underrepresented students.

Passed in 2012, HB 2 in **New Mexico** requires 5 percent of higher education funding in the state's FY 2013 budget to be outcomes-based. Measures include course completion rates, total number of degrees and certificates awarded, especially in workforce priority areas, and the number of degrees and certificates awarded to disadvantaged students. This emphasis on disadvantaged students makes New Mexico's performance funding efforts somewhat unique when compared to other state plans.

SB 192 in **South Dakota**, also passed in 2012, approves the one-time appropriation of \$3 million to establish a pilot performance funding program in the state. Institutions will be rewarded based on degree completion rates and, like New Mexico, the number of students completing degrees in high-need workforce areas. Since both pieces of outcomes-based legislation in New Mexico and South Dakota will go into effect over the course of 2012-13, both states are ahead of the curve when it comes to implementing new performance funding programs in the West.

Washington revisited the idea of performance funding in 2011, following up on the Washington State Board for Community and Technical Colleges' establishment of outcomes-based measures for its campuses in 2007. The Student Achievement Initiative, which currently only applies to the state's community and technical college system, and is an example of what some researchers refer to as “performance funding 2.0,” places greater emphasis on intermediate achievement indicators like course completion and persistence to the next level.¹² SB 5915, despite having been reintroduced and retained five times since the 2011 first special session, has yet to be approved. The legislation includes four-year colleges and proposes

measurements of performance indicators like degrees awarded; graduation and retention rates; transfer rates; time and credits to degree completion; course completion; and success beyond remedial education.

Success Matters

Improving college access was once a primary goal for many policymakers. More recently, several foundations and organizations have pushed for an increased emphasis on persistence and completion: Lumina Foundation's Big Goal, the National Governors Association's Complete to Compete initiative, and the work of Complete College America are three examples.¹³ And, after the Obama administration put forth the goal of the U.S. having the highest proportion of college graduates in the world by 2020, the completion agenda took center stage.¹⁴ This new emphasis makes sense considering that the U.S. does a respectable job of getting students into postsecondary education – 70 percent of high school graduates enter a postsecondary education program within two years of high school (although this figure obscures equity gaps that remain a concern) – but not of graduating them with a credential.¹⁵ Persistence and completion are particularly noticeable challenges in the West. Low postsecondary attainment rates, combined with the national completion agenda, have led policymakers in several states to devise legislation to boost the number of students finishing college, using a number of different tactics.

Accelerated Programs. In **Washington** SB 5442, which passed in 2011, allows state colleges and universities to develop accelerated bachelor's degree programs that enable academically qualified students to earn a degree in only three years. Students who participate in these programs do not have to take summer classes or take more than a full-time course load. With the passage of HB 426, **Idaho** in 2012 created the “8 in 6 Program,” which allows students to complete up to two years of college by the time they finish high school by taking extra online courses. The program is designed to help students graduate high school and finish a college degree on time. **Oregon's** passage of HB 4013 in 2012 directs the state superintendent of education to assist school districts in developing partnerships with community colleges and providing students with greater access to dual enrollment programs and other accelerated learning options that help decrease the time to degree.

Student Transitions. In addition to accelerated learning options like dual enrollment, effective systems of articulation and transfer can also help students persist and complete a college degree. Perhaps the most interesting piece of legislation related to articulation and transfer to be passed in 2012 is **Colorado's** SB 45, which creates a process referred to as “reverse transfer.”¹⁶ The legislation allows students to combine credits earned at both two- and four-year institutions to complete an associate's

degree. Specifically, the legislation directs the state's two- and four-year systems to work in collaboration with the Colorado Commission on Higher Education to notify students of their eligibility for the degree. Students who have accumulated 70 credit hours at a four-year institution and who transferred from a two-year institution after completing residency requirements are eligible to receive an A.A. or A.S. under the law.

In addition to Colorado's approach, **Oregon** addressed the issue of student transitions and transfer with the passage of SB 1538. The legislation directs the OEIB to develop a strategic plan in part to increase the educational attainment of the state's student population. The law includes the establishment of accelerated college credit programs for high school students and the development of improved systems of transfer between institutions. The law further develops a set of standards referred to as the "Transfer Student Bill of Rights and Responsibilities," which allows students to apply credits earned at a community college toward baccalaureate degrees at state colleges and universities.

The same bill that abolished the Higher Education Coordinating Board in **Washington** in 2012, HB 2483, also addressed higher education coordination and student achievement by calling for improved student transitions between K-12 and postsecondary education and between postsecondary institutions in the state. Specifically the bill calls for the awarding of college credit for advanced high school work, improving transfer between two- and four-year institutions, and providing students with assistance as they transition from college to careers.

Remedial/Developmental Education. College readiness – once seen as primarily a way to increase access – is now an integral component of the completion agenda. Several Western states dealt with the controversial and problematic issue of remediation during the 2012 legislative session. With the passage of SB 1255 in 2012, **Arizona** attempted to reduce the need for remediation by directing the State Board of Education to define and develop competency-based pathways to help students better prepare for college. **Colorado's** HB 1155, also passed in 2012, enables remedial students to take courses for college credit while receiving targeted academic support. **Colorado** also passed SB 47 in 2012, which provides funding to high schools for the administration of the basic skills placement test used by community colleges. Students who fail to score well on the test can receive extra support while still in high school and hopefully avoid remediation in college. **North Dakota** passed HB 1036 in 2011, which seeks to reduce the number of students who need remediation by identifying the number of developmental students currently in the state and by investigating the reasons students need remediation in the first place. The law requires further study of the alignment

of elementary and secondary education standards, curriculum, and textbooks with higher education admissions standards and the development of best practices for alleviating developmental education at higher education institutions.

Community Colleges. In 2012, **California** passed SB 1456, also known as the Student Success Act. The legislation requires students to identify an educational goal, such as a degree or transfer to a four-year university. The law further requires campuses that receive funds to post scorecards with completion rates for all students – another example of the shift to more institutional accountability.

Emerging Issues

While postsecondary funding, access, and success will always be at the forefront of state legislative activity, a number of other postsecondary issues are emerging as topics to watch in the coming years.

Adult Learners

The challenge of addressing the needs of "non-traditional" students – who now make up a larger percentage of the postsecondary population than traditional students, and many of whom are now older adults – has led many policymakers in the West to develop new strategies for bringing adults back to college and helping them complete a degree.¹⁷ One strategy has been to offer college credit for prior learning, with the intention of cutting time to degree. While this approach is still most commonly associated with standardized testing (e.g., Advanced Placement (AP) or the College Level Examination Program (CLEP)) and returning students who served in the military, the broader offering of credit for prior learning is a tactic policymakers are considering. States that passed credit for prior learning legislation in 2012 include:

- **Colorado.** HB 1072 requires each public postsecondary institution to develop a process for awarding college credit for a student's prior learning, based on work, community, or military service, as well as independent study.
- **Hawai'i.** HB 2639 requires the University of Hawai'i to award credit for prior learning to students who served in the U.S. military.
- **Idaho.** SB 1299 allows state postsecondary institutions to award college credit for military education, training, or service.
- **Oregon.** HB 4059 directs the Higher Education Coordinating Commission to collaborate with postsecondary institutions for the purpose of developing clear and transparent prior learning policies, improving prior learning assessments, developing articulation agreements and outcome measures for prior learning, and increasing the number of students receiving credit for prior learning.

- **Washington.** With virtually the same language as Oregon’s legislation, HB 1795 seeks to increase the number and type of academic credits accepted for prior learning in institutions of higher education and to develop transparent policies and practices in awarding academic credit. It further intends to increase the number of students who receive academic credit for prior learning and the number who receive it in a way that counts toward their major or toward earning their degree, certificate, or credential, while ensuring that credit is awarded only for high-quality course-level competencies.

Workforce Development

Workforce and economic development has always been a high priority for state legislatures, and legislative sessions in 2011 and 2012 proved no different. Legislative activity in 2012 in the Western states included the following:

- **Alaska.** HB 78 attempts to address shortages of healthcare workers in remote parts of the state by providing an employment incentive program for healthcare professionals like physicians, dentists, nurses, and social workers.
- **Colorado.** HB 61, also known as the Skills for Jobs Act, requires the Colorado Department of Education, working in conjunction with other state agencies, including the Department of Labor, to prepare annual reports regarding state workforce needs and gaps in degree attainment. The report will identify public or private institutions that can help meet those needs.
- **New Mexico.** As part of its performance funding plan, institutions will be rewarded based on their ability to increase the number of degrees and certificates conferred in critical workforce areas.
- **Oregon.** SB 4141 directs the governor and the State Workforce Investment Board to form an advisory committee to research and develop initiatives related to workforce development in the state. According to the legislation, the goal of the committee is to craft legislation in 2013 that promotes the alignment of resources to encourage job creation and that increases collaboration between postsecondary institutions and labor programs.
- **South Dakota.** HB 1234 establishes the Critical Teaching Needs Scholarship Program, which encourages students to obtain a degree to teach in South Dakota in areas of high need.
- **Utah.** SB 290 allocates funding for Utah Futures, a web-based career-planning program that provides information about the educational requirements needed for specific career fields.

- **Washington.** With SB 6141 – also known as the Lifelong Learning Program – Washington became the first state to create and formally recognize lifelong learning accounts, which allow employees and employers to create portable educational savings accounts that can be used to fund education and training to increase skills in certain fields.

Common Core State Standards

The Common Core State Standards (CCSS) seek to better prepare students across the country for college and careers through rigorous content and the application of knowledge through high-order skills. While many policymakers continue to view the CCSS as a K-12 issue, the truth is that higher education will play an increasingly important role in their successful implementation and progress. Aligning K-12 and postsecondary curricula and standards, preparing high-quality teachers and providing them with ongoing professional development, and working with the assessment consortia to develop K-12 assessments that align with college placement policies are some notable examples of the role higher education needs to play as the CCSS move forward.

To date, the only Western state that has not adopted the CCSS is Alaska. Despite reservations within some legislative circles, momentum is building around the implementation of the CCSS. Legislative activity dealing with the CCSS picked up dramatically in 2012 – 36 states introduced legislation, and 43 bills were enacted nationwide. In the West nine states (Arizona, California, Colorado, New Mexico, Oregon, South Dakota, Utah, Washington, and Wyoming) enacted 13 CCSS bills in 2012, including the following examples:

- **California.** The General Assembly introduced several bills related to the CCSS in 2012, including AB 2116, which directs the State Department of Education to contract for an independent study of common core academic content standards; SB 1200, which requires the superintendent of public instruction to adopt the college and career readiness standards developed by the Common Core State Standards Initiative Consortium; and SB 1540, which requires the State Board of Education to consider the adoption of a revised curriculum and evaluation criteria that align with the CCSS in English language arts. Of these measures, only SB 1540 passed, but AB 1464 appropriates \$2,360,010 to help with the implementation of the CCSS.
- **Colorado.** SB 172, signed into law in 2012, directs the State Board of Education to become a governing board member of the Partnership for Assessment of Readiness for College and Careers (PARCC) consortium of states seeking to develop a common set of assessments in reading, writing, and mathematics.

- **New Mexico.** SM 73, which was enacted in 2012, requests a costs analysis of all assessments currently used in New Mexico, including the proposed assessments related to the CCSS.
- **Oregon.** Also enacted in 2012, HB 4165 directs the Department of Education to align the Oregon Early Learning System Outcomes and the Head Start Child Development Early Learning Framework with the CCSS by June 30, 2013.
- **Utah.** Conflicting legislation enacted in 2012 in Utah addressed the CCSS. SB 217 requires the State Board of Education to develop a new set of mathematics curricula consistent with the CCSS. SB 287 states that Utah may exit any agreement, contract, or consortium that “cedes control of Utah’s core curriculum standards to any other entity, including a federal agency or consortium, for any reason.”
- **Washington.** HB 2337 requires that a percentage of funds currently used for textbooks and curriculum be used for the development of courseware aligned with the CCSS and made available to school districts at no cost.
- **Wyoming.** The CCSS are addressed as part of SF 57, a larger education accountability bill which was enacted in 2012. The legislation calls for the implementation of the “common core of knowledge and skills” as it relates to the annual statewide writing and language arts assessment administered to students in the state.

Conclusion

There was a great deal of higher education-related activity during the 2011 and 2012 legislative sessions, but has any significant progress been made? Task forces and study committees were created to address numerous policy areas, but whether they will deliver concrete, workable policies affecting the direction and future of higher education in the West, only time will tell. Legislative interest in the issue of credit for prior learning may intensify as the number of non-traditional students grows larger. While there has been some legislative resistance to the Common Core State Standards, many legislatures have begun devising implementation strategies designed to ensure students are ready for college and careers.

As long as state spending remains tight, outcomes-based funding proposals most likely aren’t going away anytime soon, even though the results of the various state approaches won’t be fully known for several years. Tight state budgets will also most likely mean that more states will look into higher education transparency, as Colorado did this past legislative session. And flexibility for both students and institutions is also likely to attract more interest from policymakers in the coming years as higher education continues to struggle with “the new normal.”

Endnotes

¹ U.S. Bureau of Labor Statistics, "Unemployment Rates for States: Monthly Rankings, Seasonally Adjusted, September 2012," accessed on 16 October 2012 at <www.bls.gov/web/laus/laumstrk.htm>.

² Ibid.

³ U.S. Bureau of Labor Statistics, "Regional and State Employment and Unemployment Summary," accessed 26 September 2012 at <www.bls.gov/news.release/laus.nr0.htm>.

⁴ U.S. Bureau of Labor Statistics, "Unemployment Rates for States."

⁵ American Association of Colleges and Universities, *Dynamics Affecting Public Higher Education Financing and Highlights from States' Legislative Sessions in 2012* (Washington, D.C.: American Association of State Colleges and Universities, 2012), 3.

⁶ California Student Aid Commission, "Ineligible Cal Grant Schools for 2012-2013," accessed on 16 October 2012 at <www.csac.ca.gov/pubs/forms/grnt_frm/ineligible_cal_grant_schools.pdf>.

⁷ American Association of State Colleges and Universities, *Dynamics Affecting Higher Education Financing*, 2.

⁸ State Higher Education Executive Officers, *State Higher Education Finance FY2011* (Boulder, CO: State Higher Education Executive Officers, 2012), 7.

⁹ Kevin Dougherty & Vikash Reddy, *The Impacts of State Performance Funding Systems on Higher Education Institutions: Research Literature Review and Policy Recommendations* (New York City: Community College Research Center, Teachers College, Columbia University, 2011), 1.

¹⁰ John Quintero, *Making Performance Funding Work for All* (Annapolis, MD: Working Poor Families Project, 2012), 1.

¹¹ The South Dakota Board of Regents established a performance-funding pilot program in 2012. For more information see <<https://sdbor.edu/theboard/agenda/2012/march/21.pdf>>.

¹² Dougherty and Reddy, *The Impacts of State Performance Funding Systems*, 6. "Performance funding 1.0" began in 1979, when Tennessee became the first state to establish a permanent system of performance funding. Under this model performance funding is considered a bonus – something above and beyond regular state support for higher education. Florida, Ohio, and Washington passed similar systems in the 1990s. Under the "performance funding 2.0" model, the funding is no longer a bonus but is embedded into the regular state funding formula.

¹³ Lumina's Big Goal seeks to increase the number of Americans with "high-quality" degrees and credentials to 60 percent by 2024. For more information see <www.luminafoundation.org/goal_2025.html>; NGA's "Complete to Compete" initiative developed a set of common college completion metrics states can use to monitor performance and progress. For more information see <www.nga.org/files/live/sites/NGA/files/pdf/1007COMMONCOLLEGEMETRICS.PDF>; Complete College America also works with states to increase the number of Americans with career certificates or college degrees to address what it terms "the completion shortfall." For more information see <www.completecollege.org/>.

¹⁴ The White House: Office of the Press Secretary, "Excerpts of the President's remarks in Warren, Michigan" (July 14, 2009), accessed 23 October 2012 at <www.whitehouse.gov/the_press_office/Excerpts-of-the-Presidents-remarks-in-Warren-Michigan-and-fact-sheet-on-the-American-Graduation-Initiative>.

¹⁵ Complete College America, "The Completion Shortfall," accessed on 16 July 2012 at <www.completecollege.org/completion_shortfall>.

¹⁶ The somewhat misleading term "reverse transfer" historically has referred to the process of a student transferring from a four-year to a two-year institution. More recently, this term has been adopted by policymakers and others (and even appearing in statutory language and system policy) to mean administratively conferring an earned associate's degree on a former two-year college student after transfer to a four-year institution. WICHE recognizes the confusing nature of this terminology but is reflecting how Colorado used it in its legislative action.

¹⁷ Rachel Fishman, "Three Truths About Students in Higher Education" (Washington, D.C.: Education Sector, 2012), accessed 25 July 2012 at <www.quickanded.com/2012/01/three-truths-about-students-in-higher-education.html>.

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