

Date: May 19, 2011

Subject: Overview of E2SHB 1795 – Higher Education Opportunity Act

The Higher Education Opportunity Act (E2SHB 1795) passed both chambers of the Legislature last week. This bill shifts higher education policy in significant ways, allowing Regents to establish all tuition rates while prescribing a certain level of institutional financial aid. In addition, the bill requires higher education sector collaboration on transfer and articulation agreements, changes some procurement and purchasing laws, and ends the prohibition of hiring, travelling, training, and purchasing using state funds. Note that although the Governor has indicated that she will sign this legislation, she has not done so as of May 19, 2011.

Tuition Setting Authority

- Authorizes public four-year colleges to set tuition rates for all undergraduate and graduate students for a four-year period.
- Provides resident undergraduate student tuition-setting authority for public four-year colleges beginning in the 2015-16 academic year based on state funding and [Global Challenge State](#) peer funding levels.
- Requires the UW to enroll at least the same number of resident freshman undergraduate students each academic year as it enrolled in 2009-10.

Financial Aid Commitment

- Requires colleges that increase tuition above levels assumed in the operating budget, remit 5 percent of operating fees back to students in the form of financial aid rather than the current 3.5 percent.
- Requires colleges that increase tuition above budgeted levels provide financial assistance to State Need Grant eligible students, resident low and middle income students via specific formulas depending on tuition price as a percentage of median family income in various income brackets up to 125 percent of the median family income to offset increased tuition.
- Requires colleges to make every effort to communicate the American Opportunity Tax Credit and other credits to students and report on the effectiveness of these methods.

Accountability and Regulatory Relief

- Requires colleges to report annually on performance data that include graduate and professional degrees, STEM participation, and student debt load. Requires the disaggregation of the data by race and ethnicity, gender, age, state and county of origin, and socioeconomic status.
- Requires colleges and universities to develop a performance plan and include a minimum set of outcomes.
- Aligns procurement thresholds when higher education agencies contract with consultants at \$10,000 for informal contracts that do not require documented evidence of competitions and \$100,000 for formal contracts that require documented evidence of formal competition.
- Allows purchase of equipment maintenance agreements for periods of longer than one year.
- Requires OFM to work with state agencies and the [Council of Presidents](#) to convene and interagency work group to develop and implement improved administration and management practices that enhance the efficiency and effectiveness of operations throughout higher education campuses and report progress to the Legislature by November 15, 2012 and November 15, 2013.