

State of Washington and Washington State University Performance Agreement

Draft 21c – November, 2008

This document represents a six-year agreement between Washington State University and the state. It embodies a new, focused direction that will lead to millions more in economic development through focused research programs and an added 4,800 highly-qualified graduate and undergraduate students over the next six years. It furthers all the major goals of the HECB's Strategic Master Plan and of Washington State University's 2008 Strategic Plan.

The terms of this agreement include a state operating budget investment comparable to what competing states have invested in their land grant research institutions. The state made some crucial investments in higher education for the 2007-2009 biennium. This agreement calls for that investment to be protected by funding the maintenance-level operating budget of the university during the term of this agreement. It also requires a continuation of the state's historic commitment to one-time and capital funding to support critical university programs. Finally, the agreement provides WSU relief from some state regulations. Most importantly, this agreement carries a commitment from Washington State University to chart a new direction that makes a larger and more measureable contribution to the economic health and well-being of the state through national and world-ranked programs of research and education.

The charts in this agreement propose a phased approach to make this state – its researchers and students - more competitive in a global environment. State revenue flow may require smaller investment in one biennium and larger investment in other biennia. If needed, such changes could be accomplished by mutual agreement in an addendum. Less state investment in a biennium would also require a downward adjustment in outcomes such as predicted numbers of student graduates and federal research grants or increases in student tuition.

The fruits of reaching the goals of this agreement will benefit every state citizen. WSU will emphasize excellence, efficiency and meeting state needs, but will focus its efforts and not try to meet *every* need. Separate from this agreement, President Elson Floyd is leading a process to reduce the number of academic degree programs and courses by up to 20 percent. The university will combine or eliminate programs. Programs that serve vital interests of the state will be enhanced and

efforts will be made to create interdisciplinary programs that can more accurately target state needs.

WSU can best serve the state and leverage the state's investment by identifying its strongest programs and making them better. These outstanding programs will attract federal grants and contracts and private funding that average programs simply cannot draw. It will help retain and recruit outstanding faculty and students to WSU. These programs will advance knowledge through more creative research, extend knowledge through more innovative academic programs, and apply knowledge through greater local and global outreach.

Summary of the Plan and Its Benefits

This new direction can be achieved by both fiscal and regulatory support from the state. The primary need is to phase-in state operating funding that is comparable to the 60th percentile of similar land grant research institutions in the "Global Challenge States." In addition, WSU seeks funding of related high-priority construction and infrastructure projects. It also requires assistance in easing some regulations governing higher education that do not add value for the state's citizens. This state investment and commitment can provide the funds necessary to recruit and retain the very best students and faculty. That will lead to:

- Increasing levels of both basic and applied research with an emphasis on areas where WSU's proven excellence and responsiveness to state needs will increasingly benefit the economic growth and the civic health of the state.
- Increasing numbers of graduate and professional degrees, in both basic and applied disciplines. A substantial number of both undergraduate and graduate degrees will be in areas in which WSU specializes or has statutory mandates.
- Increasing numbers of highly-qualified baccalaureate graduates that have efficiently obtained their degrees and are prepared to succeed in the economy and to contribute as citizens.
- More high demand undergraduate and graduate degree recipients, within WSU's areas of expertise that directly address the needs of the economy, of K-12 education, and of the civic and social fabric of the state.

WSU's Commitment: A Great Return on State Investment

Funding of the operating, capital and regulatory items detailed in this agreement results in the university's ability and commitment to reach the following stated levels of achievement incrementally, as overall funding per student and state investment grows. *Each biennial increment in funding per FTE will be provided to the university as long as progress continues toward the enrollment, quality, and efficiency goals.*

A. Benefits to sustained growth of the economy of the state

	FY09	FY11	FY13	FY15
Increase federal and non-federal grants and contracts for research (\$ Millions), thus supporting the economy. [Howard will review]	\$144.3	151.6	\$159.3	\$167.4
Increase number of advanced degrees granted	1,125	1,180	1,230	1,270
Increase number of High Demand/High Need/High Cost undergraduate degrees granted, including STEM and Health Sciences	1,100	1,225	1,275	1,330

B. Affordable access to high quality undergraduate, graduate, and professional degree programs.

	FY09	FY11	FY13	FY15
Increase total number of degrees produced	5,725	6,200	6,400	6,700
Increase number of transfer students who enroll	1,280	1,360	1,440	1,520
Increase applicant pool of students eligible for Cougar Commitment	485	500	515	530
Increase percent of enrolled undergraduate students from underrepresented groups	16%	16.5%	17%	17.5%

C. Efficient stewardship of state and student resources

	FY09	FY11	FY13	FY15
Increase baccalaureate degree efficiency (<125% of required credits)	92.0%	92.5%	94.0%	95.0%
Improve six year graduation rate of freshmen	64.0%	64.5%	66.0%	70.0%
Improve graduation rate of underrepresented students	54.0%	54.5%	56.0%	60.0%
Improve three-year graduation rate of transfer students	63.0%	64.0%	67.0%	70.0%

The State's Commitment One: Funding the Operating Budget at the 60th Percentile

Achieving the goal of the 60th percentile of land grant institutions in the Global Challenge States requires fully-funding the university's maintenance-level budget each biennium and a total state general fund and tuition commitment of \$26,833 per FTE phased in over six years. ***Shortfalls in state funding will result in higher tuition and/or lower achievement on enrollment and other indicators.*** As always, the Legislature would have the option of determining the ratio of student tuition funds to state general funds. See the tables below to view two scenarios of varying tuition increases.

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015
Funding per Student Target (state + tuition)	\$16,894	\$17,074	\$18,701	\$20,327	\$21,954	\$23,580	\$25,207	\$26,833
Total Enrollment (Budgeted FTE)	21,800	22,250	23,053	23,789	24,509	25,229	25,949	26,669
7% Tuition growth rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Implied UG resident tuition	\$5,812	\$6,218	\$6,655	\$7,121	\$7,619	\$8,153	\$8,724	\$9,334
Implied appropriation per student	\$11,449	\$11,406	\$12,613	\$13,795	\$14,945	\$16,063	\$17,144	\$18,187
Appropriation/FTE growth rate		-0.4%	10.6%	9.4%	8.3%	7.5%	6.7%	6.1%
0% Tuition growth rate	7.0%	7.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Implied UG resident tuition	\$5,812	\$6,218	\$6,218	\$6,218	\$6,218	\$6,218	\$6,218	\$6,218
Implied appropriation per student	\$11,449	\$11,406	\$13,013	\$14,623	\$16,234	\$17,847	\$19,460	\$21,073
Appropriation/FTE growth rate		-0.4%	14.1%	12.4%	11.0%	9.9%	9.0%	8.3%

Note: Implied tuition here is the sum of building & operating fees, not operating fees alone, while the tuition revenue calculations (which are a component of the funding per student target) are based on operating fees alone. This accounts for roughly 83% of the discrepancy in FY 2008.

With increased funding over six years to the 60th percentile, WSU will make investments to:

1. **Research & instruction to support and expand the state's economy –** Invest in research and graduate education that benefits Washington, and education programs include:
 - A. The School for Global Animal Health
 - B. Emerging Issues in Agriculture
 - C. Clean Technology
 - D. Healthcare Informatics
 - E. Contract Research Laboratories

2. **Graduate more students from bachelor, graduate, and professional programs** – By 2015, graduate over 17% more students per year, including 21% more students per year in high demand majors.
3. **Expand the pipeline into STEM/Health fields and support retention and efficient graduation** – Expand activities that attract, retain, and promote the success of all students admitted to the university, especially in STEM/Health, and including students from underrepresented groups.
4. **Invest in Human Capital** – Competitive, merit-based compensation for faculty and professional staff to reward excellence in teaching and research and to retain our faculty members.
5. **Infrastructure and core information services.** Investments are required in core financial, academic, and student computing systems that support virtually every part of the university. Investments are needed in emergency management and public safety to assure a safe and secure educational environment.

State's Commitment Two: Continued Funding of Critical Capital Projects and other one-time expenses

With pressure building on the state capital construction budget and the state debt limit, the state must find funding sources to continue its historic commitment to building and improving facilities in the Washington State University system. In addition, it must assist in funding solutions for other one-time expenses not addressed by the operating budget such as core computing needs. Examples of these costs that support the efforts of the operating budget are:

- **Core computing (First phase, 2009-2011)**
- **Vancouver Applied Technology Classroom building (2009-2011)**
Enrollment growth and Washington Technology Center
- **Veterinary Medical Research building (Design in 2009-2011, Construction 2011-2013)** Neuroscience and Muscle Research Laboratories
- **Minor works program and omnibus equipment.** Upgrading for today's requirements; computing, instructional and research equipment
- **Minor works preservation.** Health, safety, code, cabling, HVAC, sewer, mechanical, roofs, windows.
- **Design Disciplines facility (2009-2011).** Apparel Merchandising Design and Textiles, Safety
- **Biotechnology/Life Sciences Renovation (2009-2011)**
Additional science capacity, offices

- **Clean Technology Laboratory (Predesign/Design 2009-2011, Construction 2011-2013)** Engineering capacity
- **Global Animal Health Phase 2 (Predesign/Design 2009-2011, Construction 2011-2013)** Diagnostic and high-risk infectious animal disease surveillance, emergency response, particularly animal diseases that impact humans.
- **Troy Hall renovation (Design 2009-2011, Construction 2011-2013)** Business enrollment growth
- **Agricultural Animal Research facility (Pre-design 2009-11)** Emerging and infectious disease and food safety BSL 2 & 3
- **Vancouver Library, 2nd floor conversion (2011-2013)** Library support for a growing campus
- **Tri-Cities Classroom Building.** Classroom, Teaching laboratories and faculty offices.
- **Ag Research Aggregated Projects (2011-2013)** Critical infrastructure and renovation projects for Mount Vernon, Wenatchee fruit environmental quality lab, and Puyallup renovation, and Prosser projects.
Riverpoint Biomedical & Health Sciences (Pre-design 2009-11) Health Sciences research in Spokane

State's Commitment Three: Statutory and Regulatory Relief

- A. Renew the institution's tuition-setting authority for non-resident, graduate, and professional students.
- B. Hold the institution harmless financially for regulations that add significant costs without adding value to the state. Examples include new storm water regulations imposed on Washington State University at Pullman by the state Department of Ecology.
- C. Waive Higher Education Coordinating Board or other oversight of degree proposals that consolidate existing programs to gain efficiency.
- D. Support and defend WSU decisions to eliminate or consolidate programs.