In 2016, there was an increasingly dramatic divergence between state economies in the West. Most states in the region benefited from an ongoing economic recovery, but states reliant on the energy sector for tax revenues were hit hard by the global decline in oil prices. This resulted in varying budget situations in legislatures across the West – outlined in this Policy Insights – with certain states dealing with significant cuts to higher education while others were in a position to make a wealth of new investments. Despite the region’s varied economic outlook, common themes did emerge. These included a focus on affordability and accelerated learning options, continued support of military-connected students, investing in evidence-based student success initiatives, and proposed solutions for addressing teacher shortages. The brief concludes with a section on issues to watch in the region, ranging from data privacy to guns on campus.

Introduction

In 2016, 12 of the 15 Western states held legislative sessions, as well as the Northern Marianas Commonwealth Legislature and the Guam Legislature – which meet year-round. The legislatures in Montana, Nevada, and North Dakota meet biennially and were not in session in 2016. Nationally, a trend of slow but steady economic recovery and gradual reinvestment in higher education prevailed – yet this narrative obscures a more volatile picture in the Western region. While many Western states enjoyed steadily growing budgets that enabled legislators to select targeted investments in higher education, several states more reliant on oil and gas production for tax revenues faced a more constrained budget reality.

While the differing economic landscapes likely affected the emergence of large-scale trends in higher education legislation, some smaller-scale themes did emerge. Affordability of higher education remained a top concern for legislators across the West and interest in dual and concurrent enrollment was also on the rise. Several states passed legislation on accelerated learning options for high school students. Finally, state policymakers continued to strive to serve military-connected students in a variety of ways. Additional areas of interest included student access and success, data privacy, and meeting high-demand workforce needs. Above all, the dominant theme across Western legislative sessions in 2016 was the importance of states’ overall fiscal situation in determining higher education trends.

Diverging Economic Trends

Broadly speaking, Western states with economies closely tied to the energy sector – Alaska, New Mexico, North Dakota, and Wyoming – were heavily impacted by the global fall in energy prices and their higher education systems are feeling the effects of this downturn to varying degrees. As steep decreases in state higher education funding in the wake of the 2008 recession revealed, higher education is often a prime target for cuts in times of fiscal challenge.

With Alaska’s General Fund particularly reliant on tax revenue and royalties from the oil industry,
the University of Alaska system has faced a difficult funding environment for the past few years. Though system leadership worked closely with the legislature in 2016 on a compromise budget request of $335 million from the General Fund, Gov. Walker ultimately vetoed an additional $10 million dollars from the system’s budget, as well as $80 million from a deposit into the state’s Higher Education Investment Fund, which funds need-based and merit scholarships for Alaskan students.4

New Mexico has also been working to adjust to state revenues well below forecasted amounts, which analysts link to the global dip in energy prices. The legislature passed a budget in March 2016 that reduced state funding for higher education by 2.4 percent.5 At the end of September, legislators reconvened to address a $131 million budget deficit for the past fiscal year, as well as a projected shortfall of $458 million for the upcoming year.6 Soon after, the legislature passed a revised budget including a 5 percent cut for the state’s higher education institutions and a 5.5 percent cut for the New Mexico Higher Education Department, which is awaiting Gov. Martinez’s signature at the time of this report.7

Similarly, Wyoming’s revenues have lagged behind estimates due to lower-than-expected revenue from the oil, natural gas, and mining sectors,8 leading state policymakers to call for significant spending reductions. Legislators were charged with developing the state’s biennial budget during the 2016 session, and initially asked for a 1.5 percent cut in the University of Wyoming’s budget. But revenue estimates continued to decline and Gov. Mead ultimately called for an additional reduction of approximately $35 million in state support over the next two years as well as an 8 percent cut for the state’s community colleges.9 And while North Dakota’s legislature was not in session in 2016, the state is also projecting dramatic decreases in state revenues related to oil and gas production for the upcoming budget cycle.10

At the other end of the spectrum, many Western states continued their economic recovery. As an indicator, state tax collections increased in the fourth quarter of 2015 compared to the same time frame in 2014 by more than 6 percent in Idaho, Oregon, South Dakota, and Washington; between 3 and 6 percent in Arizona, California, Hawai’i, Nevada, and Utah; and by 2.9 and 0.6 percent in Montana and Colorado, respectively.11 In the majority of Western states with promising budgetary outlooks, legislators opted to increase their investments in higher education.

At the top of this list is Oregon, which operates on a biennial budget cycle, and last year appropriated $941 million to its public universities for the 2015-17 biennium, which equates to a 27 percent increase from the 2013-15 appropriation.12 Idaho’s public institutions also received increased funding for FY 17, with community colleges receiving an 8.7 percent increase in state funding and the state’s four-year institutions receiving an 8 percent increase in their General Fund appropriation compared to FY 16.13 Higher education in Hawai’i benefited from a rebounding state budget as well, with the University of Hawai’i system receiving an additional $30.3 million in funding from the state’s General Fund for FY 17, a 6.9 percent increase from FY 16.14

South Dakota’s Board of Regents, which governs the state’s public institutions of higher education, received a 5.4 percent increase in its General Fund base for FY 17,15 while Utah’s higher education system received a 5.3 percent budget increase for the new fiscal year.16 California too saw rising year-over-year funding in 2016, with state base funding for the University of California system increasing by 5.4 percent, for the California State University system by 4.6 percent, and for the state’s community colleges by 4.4 percent.17 Arizona’s Board of Regents received a 4.8 percent increase in funding in FY 1718 after steep cuts in FY 16. However, state operating aid for community colleges fell by .6 percent and continues to exclude the state’s largest two community college districts – Maricopa County Community College system and Pima Community College – from receiving any state operating aid.19

Meanwhile, Washington – which passed a biennial budget in 2015 – enacted a supplemental operating budget for 2016 that included additional funds for public universities impacted by the tuition reduction passed in 2015.20 Colorado’s General Fund operating support for public institutions remained flat in FY 17, although there were
adjustments to the funding allocation based on the funding formula adopted in 2014 with the passage of HB 14-1319. 21

Approaches to Affordability

With students across the nation shouldering an increasingly large proportion of the cost of higher education 22 and student debt levels an ever-present topic in the media, policymakers have been considering a variety of ways to increase the affordability of postsecondary credentials. State legislators in the West tend to approach the issue through the lens of their own states’ students, focusing mainly on containing costs for in-state students attending public institutions.

Some states have chosen to address affordability by regulating tuition changes. South Dakota, for example, implemented its second tuition freeze since 2014 – freezing tuition for resident students in the 2016-17 academic year at both four-year institutions and technical colleges with HB 1203. The state also appropriated one-time funds to cover the cost of foregone tuition revenue. 23 Washington implemented the second year of a tuition reduction enacted the previous session, though here too the state backfilled the revenue loss to universities. 24 A number of other universities and systems in the West also held their in-state tuition constant in the 2016-17 academic year, including the University of California, California State University, the Montana University System, and New Mexico State University. 25

Others opted to tackle the affordability issue from a different angle, by funding state scholarships. Idaho, for example, chose not to consider Gov. Otter’s “tuition lock” proposal 26 – a modified tuition freeze – but the legislature did double funding for the state’s Opportunity Scholarship with SB 1398, which awards funding to Idaho high school students who meet certain academic and need requirements and attend public and private not-for-profit institutions in the state. 27 However, Idaho State University did choose to pilot a tuition lock program on their own. 28 And though the Nevada legislature was not in session in 2016, $2.5 million was appropriated in 2015 for the FY 16-17 academic year to fund the Silver State Opportunity Grant Program to assist low-income Nevada students with the cost of attending a state institution. 29

In particular, the concept of “promise” programs – most commonly structured as last-dollar scholarships to cover the tuition of two years of community college for eligible students – has been gaining traction around the country. The Western states are no exception, and indeed the West is home to one of the country’s two statewide promise initiatives – launched in Oregon in 2015 with SB 81. While no Western state passed promise legislation in 2016, Arizona, California, Hawai‘i, and Washington all considered bills on the subject – with the Hawai‘i legislature considering five different proposals, none of which were ultimately successful. 30

Starting off Strong

Another significant trend across the region was legislation involving accelerated learning options for high school students – generally in the form of dual or concurrent enrollment. A number of Western states have invested heavily in the idea that providing high school students with access to college-level coursework for credit can both save money and better prepare students for postsecondary academics. However, there is a great deal of variation in how these programs are defined, implemented, regulated, funded, and evaluated. In 2016, states across the West considered legislation that focused on expanding, enhancing, or refining accelerated learning options. Idaho legislators agreed on a bill designed to streamline the state’s accelerated learning offerings and state aid process. HB 458 consolidates existing programs and essentially creates an account for all Idaho students in grades seven through 12 – funded at $4,125 per student – so that state aid can be accessed up to the account maximum at any point during their secondary school career for approved accelerated learning options. 31 Utah passed HB 182 to clarify program definitions, define requirements for teachers of concurrent enrollment mathematics courses, and implement a statewide participation form. 32 Washington’s SB 5086 sought to cover the cost of low-income students’ participation in the state’s College in the High School program, but the bill
did not pass. New Mexico and Arizona both allocated some additional funding to tribal colleges to offer dual-credit courses, totaling $50,000 in New Mexico and $250,000 in Arizona.

In Colorado, legislators were more focused on increasing transparency in the state’s robust concurrent enrollment program. They passed HB 16-1144, which requires high schools to inform parents and guardians of the transferability of credit for concurrent enrollment courses as well as their applicability toward a certificate or degree.

Supporting Service Members
Another issue of perennial interest to legislators in the West is serving military-connected students—including active-duty military, veterans, and their families. As an example, the South Dakota legislature extended the time period during which military benefits can be used at public institutions in the state with HB 1163.

In addition to tuition benefits, states are also beginning to delve into the articulation of credit from military service that could be applied to a credential, certificate, or license. Arizona instructed its Board of Regents and Community Colleges to consider the issue with SB 1267, while the New Mexico legislature asked its Higher Education Department to “establish a consistent policy and articulation agreement regarding the evaluation and award of college credit based on military training.”

Meanwhile, Colorado passed HB 16-1197 requiring state agencies to develop processes for considering military training and experience in awarding occupational credentials.

Investing in Evidence
The improving budget picture in many states, together with a growing focus on student access and completion, has led some legislatures to directly invest in new strategies for supporting students to and through a postsecondary credential of value. In the West, legislators looked to scale pilot programs developed in their own states that have shown evidence of success in improving student outcomes.

Among these strategies is Hawaii’s $750,000 investment in a Guided Pathways System (GPS), which integrates a new online advising tool (STAR) with the system’s online registration function. As a result, when students register for courses, they are directed to select those that meet the requirements of their “degree pathway.” The tool assists students in charting a course toward timely degree completion, and also helps university staff to effectively advise students and to ensure that needed courses are appropriately scheduled. The STAR GPS was developed at the system’s Mānoa campus and the pilot has demonstrated promising early results.

Idaho also funded the expansion of a successful program developed in the state—allocating $5 million via a line item specifically for college and career advising services for high school students. The investment will fund programs like Idaho’s Near Peer Mentoring Program, which has documented success in boosting postsecondary enrollment.

In a similar vein, South Dakota funded the continuation of a highly successful pilot program designed to prepare students for college-level mathematics at the South Dakota School of Mines and Technology through an online summer program with SB 92.

As Oregon works to implement the Oregon Promise, with HB 4076 the legislature chose to fund robust support services for students in the program in an effort to increase the effectiveness of the financial aid offered. The funding is structured to allow community colleges flexibility in the support services they offer, so long as they involve proven multiyear strategies for improving student success rates.

Addressing Teacher Shortages
As in past years, states continue to focus on developing their workforce with strategic investments in higher education—and a key theme in Western states this year has been addressing teacher shortages. Legislatures in California, Colorado, South Dakota, and Washington all passed measures related to this issue.

California’s FY 17 budget funded a number of initiatives, including $20 million for non-teaching staff such as teacher’s aides to pursue teaching credentials, $10 million for schools to develop integrated bachelor’s programs that include a teaching credential within four years, and $5 million to fund marketing and recruitment efforts for teachers. Colorado legislators worked to incentivize teaching in rural areas of the state specifically with SB 16-104, which includes stipends to students in educator preparation programs who commit to teach in rural areas and financial support for teachers in rural areas seeking additional certifications such as for concurrent enrollment or national board
Washington passed SB 6455, which proposed a number of initiatives for statewide teacher development and recruitment. The legislation includes enhancements to the state’s online job repository for teachers, expanded financial aid programs for those pursuing teaching credentials, expansion of alternative certification routes, and allows tuition waivers for K-12 classified staff pursuing professional development coursework. South Dakota also sought to expand programs for teacher preparation, with HB 1061 offering tuition benefits to teachers pursuing professional development coursework.

**Issues to Watch**

While clear higher education themes did not dominate legislative conversations in 2016, a number of issues emerged that may gain traction in future sessions. Examples include the issue of guns on campus, which has captured media attention nationally and often arises in some form in Western legislatures. While no measures that significantly altered the current landscape passed this year, the issue was considered in several states, including Alaska, Arizona, and Utah.

Another topic from the national scene that Western legislators may expect to see come up is the issue of non-tenure-track instructors—often related to the unionization of adjunct faculty or graduate students. Also, a few data privacy-related bills were passed in 2016—for example, HB 0013 in Wyoming aimed at protecting student emails and SB 1558 in Oregon, designed to protect student medical records—and the issue of access to student information is likely to continue as an important consideration for legislators and their constituents.

**Conclusion**

Diverging economic conditions have created dramatically different legislative environments across the West. However, as has been evident since 2008, legislators find ways to demonstrate their priorities whether state budgets are constricting or expanding. In 2016, legislatures across the West demonstrated that they are looking to contain costs for their students while making evidence-based investments in programs and strategies that work to increase student access and success and meet workforce needs. Ultimately, this positive trend offers exciting potential for regional collaboration as states can look to their neighbors to explore strategies for increasing access to and the quality of higher education in the West.

**Endnotes**


