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**Ways & Means Committee**

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**E2SSB 5182**

**Brief Description:** Establishing the office of student financial assistance and the council for higher education by eliminating the higher education coordinating board and transferring its functions to various entities.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators White, Tom, Hill, Zarelli, Murray, Ericksen, Prentice, Hobbs and Nelson).

**Brief Summary of Engrossed Second Substitute Bill**

- Eliminates the Higher Education Coordination Board (HECB).
- Creates the Council for Higher Education to develop goals and performance measures and perform selected functions previously performed by the HECB.
- Creates the Office of Student Financial Aid to administer the financial aid programs previously managed by the HECB.

**Hearing Date:** 5/5/11

**Staff:** Charlie Gavigan (786-7340).

**Background:**

The Higher Education Coordinating board (HECB) was created in 1985, succeeding the state's Council for Postsecondary Education. The HECB provides planning, coordination, monitoring, and policy analysis for higher education in Washington, in cooperation and consultation with the institutions' governing boards and other segments of postsecondary education. The HECB is expected to represent the broad public interest above the interests of individual colleges and universities.

The HECB is required to:

1. develop a strategic master plan for higher education in Washington and continually monitor progress toward meeting goals;

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2. based on objective data analysis, develop and recommend statewide policies to enhance higher education;
3. administer state and federal financial aid and other programs in cost-effective manner;
4. serve as advocate on behalf of students and the overall higher education system;
5. represent the broad public interest above the interests of the individual colleges and universities; and
6. coordinate with other agencies to create a seamless public education system geared toward student success.

The HECB has been tasked with the following policy functions:

*Strategic Planning.* The strategic plan encompasses all higher education sectors: the two-year system, workforce training, the four-year institutions, and financial aid. The HECB is to use regional planning and decision-making before initiating a statewide planning process. In addition to reviewing institution-level plans from the four-year institutions, the HECB reviews the comprehensive master plan for the community and technical college system, to ensure alignment with the overall state vision and priorities. The HECB must report annually on progress being made in implementing the strategic master plan.

*Higher Education System Design.* Mission changes and major expansions are subject to approval by the HECB. Gaining HECB approval is a two-step process. First, a needs assessment process is conducted to analyze the need for the proposed change. If the need is established, the HECB proceeds to examine the viability of the proposed mission change or major expansion, and make recommendations to the Legislature and the Governor. The HECB is required to consider the strategic and operational use of technology as part of the needs assessment process.

Every two years the HECB, the State Board for Community and Technical Colleges (SBCTC), and the Workforce Training and Education Coordinating Board (Workforce Board) must assess the number and type of higher education and training credentials required to meet employer demand. They will compare forecasted job openings at each level of education and training and the number of credentials needed to match them.

*Budget Review.* The HECB must collaborate with higher education institutions and appropriate state agencies to identify budget priorities and levels of funding for higher education. Their recommendations should reflect not merely the sum of institution requests, but prioritized funding needs for the overall system. The HECB then reviews institution and SBCTC requests based on how they align with the board's priorities, institutional missions, and the strategic plan. Institutions must submit both biennial and supplemental budget requests to the HECB by August 1. The HECB is required to rank major capital projects at four-year institutions in a single list by priority order.

*Transfer Policy.* The HECB is directed to adopt statewide transfer and articulation policies that ensure efficient transfer of credits and courses. The intent of the policies is to create a statewide system of articulation and alignment. Policies may address: creation of a statewide system of course equivalency; creation of transfer associate degrees; statewide articulation agreements; and applicability of technical courses toward baccalaureate degrees. Institutions and the SBCTC must cooperate in developing and maintaining the policies.

*Accountability.* The HECB must establish an accountability monitoring and reporting system. Based on guidelines developed by the HECB, each four-year institution and the SBCTC submit a plan to achieve measurable performance improvements along with their biennial budget requests. The HECB reports on the institutions' progress along with its biennial budget recommendations. The HECB must develop indicators and benchmarks to measure its own performance, including the performance of committees and advisory groups tasked with working on various topics in higher education. The HECB's accountability plan is submitted to the Legislature each biennium along with the institutions' progress reports.

*Cost Study.* In consultation with other state agencies and the higher education institutions, the HECB must develop standardized methods and protocols for measuring costs of instruction, costs to provide degrees in specific fields, and costs for precollege remediation. By December 1, 2004, the HECB will propose a schedule of regular cost study reports to the legislative higher education and fiscal committees for their review. Higher education institutions must participate in the development of cost study methods and provide all necessary data in a timely fashion.

### **Summary of Bill:**

The HECB is eliminated. The Council for Higher Education (Council) is created. The Council membership includes the six four-year institution presidents, one private nonprofit president, the Executive Director of the SBCTC, and a representative from the Office of Superintendent of Public Instruction, or their designees. The Council is to develop performance-based measures and goals for each state university, regional university, and the state college, linked to the role, mission, and strategic plan of the institution of higher education including: (1) indicators and goals that measure outcomes concerning cost, quality, and timeliness of student progress toward degrees and certifications; (2) benchmarks and goals for long-term degree production, including discrete benchmarks and goals in particular fields of study; (3) the level of resources necessary to meet the performance outcomes, benchmarks, and goals, subject to legislative appropriation; (4) indicators and goals that measure outcomes concerning recruitment, retention, and success of students from diverse, underrepresented communities; and (5) a system of consequences for exceeding or for failing to achieve the goals or benchmarks.

The Council performs selected state governance functions previously assigned to the HECB, including approving new programs, mission changes, new colleges, recognizing accreditation, and provides the interface to meet federal requirements. Every two years, the Council assembles a temporary work group to develop a 10-year projected master plan for higher education. The Council also develops and recommends statewide policies to enhance the availability, quality, efficiency, and accountability of public higher education in Washington.

The Council and the SBCTC work together to adopt: (1) statewide transfer and articulation policies for all two and four-year institutions of higher education; and (2) performance measures to ensure a collaborative partnership between community and technical colleges and the branch campuses to prepare students for transfer to upper division programs. The development of applied baccalaureate degree programs or purchases and leases of off-campus facilities by community and technical colleges are not subject to the mission change assessment process and Council approval.

Student financial aid functions performed by the HECB are all transferred to the newly created Office of Student Financial Assistance (Office) that administers all state and federal financial aid and the advanced college tuition payment program. The Office is created as a separate agency of the state.

Selected HECB reporting requirements are eliminated, and current data gathering functions generally are maintained by the institutions or the Education Research and Data Center. The state performance agreement committee and process is eliminated.

Every two years, the Office of Financial Management must produce an assessment of the number and type of academic and training credentials required to match employer demand. This is done jointly with the four-year institutions of higher education, the SBCTC, and the Workforce Board.

**Appropriation:** None.

**Fiscal Note:** Requested on May 4, 2011.

**Effective Date:** This bill contains an emergency clause and takes effect on July 1, 2011, except for section 239, relating to the creation of a Students with Dependents Grant Account, and section 248, relating to removing the Higher Education Coordinating Board from the list of executive state officers, which take effect January 1, 2012.