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**SUBSTITUTE HOUSE BILL 1997**

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**State of Washington**

**53rd Legislature**

**1993 Regular Session**

**By** House Committee on Higher Education (originally sponsored by Representatives Quall, Jacobsen, Ogden, Brumsickle, Miller, Basich, Shin, Locke, Wood, Silver and J. Kohl)

Read first time 03/03/93.

1 AN ACT Relating to higher education; amending RCW 43.88.140 and  
2 28B.80.330; adding new sections to chapter 28B.80 RCW; adding a new  
3 section to chapter 28B.120 RCW; adding new sections to chapter 28B.10  
4 RCW; creating a new section; providing an effective date; and declaring  
5 an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** The legislature finds a need to redefine the  
8 relationship between the state and its postsecondary education  
9 institutions through a compact based on trust, evidence, and a new  
10 alignment of responsibilities. As the proportion of the state budget  
11 dedicated to postsecondary education programs has continued to decrease  
12 and the opportunity for this state's citizens to participate in such  
13 programs also has declined, the state institutions of higher education  
14 have increasingly less flexibility to respond to emerging challenges  
15 through innovative management and programming. The legislature finds  
16 that this state has not provided its institutions of higher education  
17 with the ability to effectively achieve state-wide goals and objectives  
18 to increase access to, improve the quality of, and enhance the  
19 accountability for its postsecondary education system.

1       Therefore, the legislature declares that the policy of the state of  
2 Washington is to create an environment in which the state institutions  
3 of higher education have the authority and flexibility to enhance  
4 attainment of state-wide goals and objectives for the state's  
5 postsecondary education system through decisions and actions at the  
6 local level. The policy shall have the following attributes:

7       (1) The accomplishment of equitable and adequate enrollment by  
8 significantly raising enrollment lids, adequately funding those  
9 increases, and providing sufficient financial aid for needy students;

10       (2) The development and use of a new definition of quality measured  
11 by effective operations and clear results; the efficient use of funds  
12 to achieve well-educated students;

13       (3) The attainment of a new resource management relationship that  
14 removes the state from micromanagement, allows institutions greater  
15 management autonomy to focus resources on essential functions, and  
16 encourages innovation; and

17       (4) The development of a system of coordinated planning and  
18 sufficient feedback to assure policymakers and citizens that students  
19 are succeeding and resources are being prudently deployed.

20       NEW SECTION. Sec. 2. A new section is added to chapter 28B.80 RCW  
21 to read as follows:

22       (1) At the local level, the higher education institutional  
23 responsibilities include but are not limited to:

24       (a) Development and provision of strategic plans under the  
25 guidelines established by the higher education coordinating board;

26       (b) Timely provision of information required by the higher  
27 education coordinating board to report to the governor, the  
28 legislature, and the citizens;

29       (c) Provision of local student financial aid delivery systems to  
30 achieve both state-wide goals and institutional objectives in concert  
31 with state-wide policy; and

32       (d) Operating as efficiently as feasible within institutional  
33 missions and goals.

34       (2) At the state level, the higher education coordinating board  
35 shall be responsible for:

36       (a) Delineation and coordination of strategic plans to be prepared  
37 by the institutions;

1 (b) Preparation of reports to the governor, the legislature, and  
2 the citizens on program accomplishments and use of resources by the  
3 institutions;

4 (c) Administration and policy implementation for state-wide student  
5 financial aid programs; and

6 (d) Assistance to institutions in improving operational efficiency  
7 through measures that include periodic review of program efficiencies.

8 NEW SECTION. **Sec. 3.** A new section is added to chapter 28B.120  
9 RCW to read as follows:

10 It is the policy of the state of Washington that incentives be  
11 provided in the omnibus appropriations act, as submitted by the  
12 governor, in support of innovations to improve the higher education  
13 system. It is the intent of the legislature that an amount equal to  
14 one-half of one percent of the proposed appropriations for the  
15 institutions of higher education and the state board for community and  
16 technical colleges be provided for this purpose in the Washington fund  
17 for excellence in higher education program administered by the higher  
18 education coordinating board under chapter 28B.120 RCW. Priorities for  
19 funding the types of innovations that meet state-wide goals may be  
20 described in the omnibus appropriations act.

21 NEW SECTION. **Sec. 4.** A new section is added to chapter 28B.10 RCW  
22 to read as follows:

23 The legislature finds encouragement of sound management practices  
24 in public institutions of higher education and the state board for  
25 community and technical colleges will enhance the achievement of state-  
26 wide goals and objectives through better use of available resources.  
27 The legislature also finds that permitting institutions to keep state  
28 funds saved through management efficiencies and productivity gains that  
29 do not reduce instructional services to students would benefit students  
30 and the citizens of the state. The legislature intends to permit  
31 institutions to retain state funds saved at the end of a biennium  
32 without offsetting those funds in subsequent biennial budgets.

33 **Sec. 5.** RCW 43.88.140 and 1981 c 270 s 9 are each amended to read  
34 as follows:

1       (1) All appropriations shall lapse at the end of the fiscal period  
2 for which the appropriations are made to the extent that they have not  
3 been expended or lawfully obligated.

4       (2) Appropriations made to any institution of higher education that  
5 meet the requirements of sections 6 and 7 of this act are exempt from  
6 subsection (1) of this section.

7       NEW SECTION. Sec. 6. A new section is added to chapter 28B.10 RCW  
8 to read as follows:

9       The higher education efficiency account for [institution's name] is  
10 created in the custody of the state treasurer. The account may receive  
11 moneys through gifts, grants, or donations to the state for the  
12 purposes of the account. In each omnibus biennial appropriations act,  
13 the legislature intends to appropriate any moneys that are unexpended  
14 or unencumbered on the last day of each biennium at each institution  
15 into the institution's higher education efficiency account. Any state  
16 general fund appropriations made to an institution's higher education  
17 efficiency account that are unexpended or unencumbered on the last day  
18 of any biennium shall be deposited in the account. Expenditures from  
19 the account shall be used only in accordance with the plan adopted by  
20 the institution's governing board as required under section 7 of this  
21 act. Only the governing board or its designee may authorize  
22 expenditures from the account. Moneys in the account shall not be  
23 expended for promotions, the correction of salary inequities or market  
24 disparities, or for salary or enrollment increases above the level set  
25 in the biennial appropriations acts.

26       No appropriation is required for an expenditure from the account.  
27 The account is not subject to the allotment procedures under chapter  
28 43.88 RCW. Unexpended and unencumbered moneys that remain in the  
29 account at the end of the biennium do not revert to the state general  
30 fund, but remain in the account. However, if by the beginning of the  
31 next calendar year, the institution's governing board has not approved  
32 the institution's expenditure plan, moneys in the account shall revert  
33 to the state general fund.

34       NEW SECTION. Sec. 7. A new section is added to chapter 28B.10 RCW  
35 to read as follows:

1 An institution of higher education that meets the following  
2 requirements may retain unexpended state appropriations at the end of  
3 a fiscal period.

4 (1) Before any funds are expended, the institution's governing  
5 board shall adopt an expenditure plan for the funds.

6 (2) The expenditure plan may include, but is not limited to the  
7 following types of activities:

8 (a) Matching private donations to the distinguished professorship,  
9 graduate fellowship, and exceptional faculty awards programs;

10 (b) Recruiting and retaining underrepresented minorities and  
11 students with disabilities;

12 (c) Providing financial aid to needy students;

13 (d) Enhancing instructional quality; and

14 (e) Participating in collaborative efforts with other educational  
15 sectors.

16 NEW SECTION. **Sec. 8.** A new section is added to chapter 28B.80 RCW  
17 to read as follows:

18 In cooperation with institutions of higher education, the state  
19 board for community and technical colleges, and appropriate state and  
20 local agencies, the higher education coordinating board may identify  
21 methods to reduce administrative barriers to efficient institutional  
22 operations. These methods may include waivers of statutory  
23 requirements and administrative rules for institutional operations on  
24 a pilot basis where such waivers would probably result in efficiencies  
25 for the institutions and the state.

26 NEW SECTION. **Sec. 9.** A new section is added to chapter 28B.80 RCW  
27 to read as follows:

28 The higher education coordinating board, in conjunction with the  
29 four-year institutions of higher education, shall conduct a study of  
30 higher education system operations to identify efficiencies to increase  
31 access to, improve the quality of, and reduce the cost of higher  
32 education. This study shall include but not be limited to:

33 (1) Examining potential unnecessary duplicative and low-  
34 productivity programs for possible consolidation or termination;

35 (2) Developing criteria for and conducting an evaluation of faculty  
36 productivity;

1 (3) Reviewing and developing recommendations on appropriate  
2 institutional roles for providing remedial instruction;

3 (4) Exploring the potential for greater use of the public higher  
4 education system physical plant and other resources through such means  
5 as expanded operations during summer terms, evenings, and weekends;

6 (5) Initiating pilot projects to test the effectiveness of actions  
7 such as variable tuition rates and faculty salary incentives; and

8 (6) Identifying ways for institutions to share resources, faculty,  
9 and curricula through collaboration with other public and private  
10 postsecondary institutions and common school districts in their service  
11 areas to increase student opportunities and reduce costs. Analyses  
12 shall include clear articulation of functions among institutions, means  
13 to reduce duplication, and policies to facilitate student movement  
14 among institutions.

15 NEW SECTION. **Sec. 10.** A new section is added to chapter 28B.80  
16 RCW to read as follows:

17 The higher education coordinating board, in conjunction with the  
18 state board for community and technical colleges and the institutions  
19 of higher education, shall report regularly to the legislature and the  
20 citizens the accomplishments of, expenditures for, and requirements of  
21 the postsecondary educational system in the state of Washington. The  
22 state board for community and technical colleges and the state  
23 institutions of higher education shall report uniformly to the higher  
24 education coordinating board, on an annual basis, the information  
25 necessary to prepare the report. Independent colleges and universities  
26 are encouraged to cooperate with this effort and to provide to the  
27 board information in a uniform format developed by the board, in  
28 cooperation with the institutions. Examples of performance measures  
29 that could be included are:

30 (1) Retention and graduation rates;

31 (2) Average time to a degree;

32 (3) Credit hours per degree awarded;

33 (4) Degrees awarded by discipline and by level;

34 (5) Multiple degrees;

35 (6) Measures taken to reduce duplicative courses, programs, and  
36 requirements;

37 (7) Student-faculty contact hours;

38 (8) Placement rates;

- 1 (9) Success in recruiting and graduating underrepresented groups;  
2 and  
3 (10) Various fiscal and management measures.

4 **Sec. 11.** RCW 28B.80.330 and 1985 c 370 s 4 are each amended to  
5 read as follows:

6 The board shall perform the following planning duties in  
7 consultation with the four-year institutions, the community and  
8 technical college system, and when appropriate the (~~commission for~~  
9 ~~vocational education~~) work force training and education coordinating  
10 board, the superintendent of public instruction for the vocational-  
11 technical institutes, and the independent higher educational  
12 institutions:

13 (1) Develop and establish role and mission statements for each of  
14 the four-year institutions and for the community and technical college  
15 system;

16 (2) Identify the state's higher education goals, objectives, and  
17 priorities;

18 (3) Prepare a comprehensive master plan which includes but is not  
19 limited to:

20 (a) Assessments of the state's higher education needs. These  
21 assessments may include, but are not limited to: The basic and  
22 continuing needs of various age groups; business and industrial needs  
23 for a skilled workforce; analyses of demographic, social, and economic  
24 trends; consideration of the changing ethnic composition of the  
25 population and the special needs arising from such trends; college  
26 attendance, retention, and dropout rates, and the needs of recent high  
27 school graduates and placebound adults. The board should consider the  
28 needs of residents of all geographic regions, but its initial  
29 priorities should be applied to heavily populated areas underserved by  
30 public institutions;

31 (b) Recommendations on enrollment and other policies and actions to  
32 meet those needs;

33 (c) Guidelines for continuing education, adult education, public  
34 service, and other higher education programs.

35 The initial plan shall be submitted to the governor and the  
36 legislature by December 1, 1987. Comments on the plan from the board's  
37 advisory committees and the institutions shall be submitted with the  
38 plan.

1 The plan shall be updated (~~((biennially))~~) every four years, and  
2 presented to the governor and the appropriate legislative policy  
3 committees. Following public hearings, the legislature shall, by  
4 concurrent resolution, approve or recommend changes to the initial  
5 plan, and the (~~((biennial))~~) updates. The plan shall then become state  
6 higher education policy unless legislation is enacted to alter the  
7 policies set forth in the plan;

8 (4) Review, evaluate, and make recommendations on operating and  
9 capital budget requests from four-year institutions and the community  
10 and technical college system, based on the elements outlined in  
11 subsections (1), (2), and (3) of this section, and on guidelines which  
12 outline the board's fiscal priorities. These guidelines shall be  
13 distributed to the institutions and the community college board by  
14 December of each odd-numbered year. The institutions and the community  
15 college board shall submit an outline of their proposed budgets,  
16 identifying major components, to the board no later than August 1 of  
17 each even-numbered year. The board shall submit recommendations on the  
18 proposed budgets and on the board's budget priorities to the office of  
19 financial management before October 15 of each even-numbered year, and  
20 to the legislature by January 1 of each odd-numbered year;

21 (5) Recommend legislation affecting higher education;

22 (6) Recommend tuition and fees policies and levels based on  
23 comparisons with peer institutions;

24 (7) Establish priorities and develop recommendations on financial  
25 aid based on comparisons with peer institutions;

26 (8) Prepare recommendations on merging or closing institutions; and

27 (9) Develop criteria for identifying the need for new baccalaureate  
28 institutions.

29 NEW SECTION. **Sec. 12.** This act is necessary for the immediate  
30 preservation of the public peace, health, or safety, or support of the  
31 state government and its existing public institutions, and shall take  
32 effect July 1, 1993.

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