

SENATE BILL REPORT

SHB 3103

As Reported By Senate Committee On:
Higher Education, February 26, 2004

Title: An act relating to higher education.

Brief Description: Revising provisions for higher education.

Sponsors: House Committee on Higher Education (originally sponsored by Representatives Kenney, Cox, Fromhold, Priest, Morrell, Hudgins, McCoy, McDermott, Haigh, G. Simpson and Santos).

Brief History:

Committee Activity: Higher Education: 2/23/04, 2/26/04 [DPA].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended.

Signed by Senators Carlson, Chair; Schmidt, Vice Chair; Kohl-Welles, Pflug, B. Sheldon and Shin.

Staff: Jean Six (786-7423)

Background: The Higher Education Coordinating Board (HECB) was created in 1985 to provide planning, coordination, monitoring, and policy analysis for higher education in the state of Washington, in cooperation and consultation with the institutions' governing boards and all other segments of postsecondary education. The HECB is intended to represent the broad public interest above the interests of individual colleges and universities. Statutes in Chapter 28B.80 RCW and throughout Title 28B assign a number of responsibilities to the HECB, which have been altered and added to over time.

In 2002, the Washington State Institute for Public Policy conducted a review of the HECB and generally concluded that its overall role and focus needed greater clarification. During the 2003 interim, a legislative work group examined in detail the HECB's role, workload, and assignments. In response to a request from the work group, the HECB made a number of recommendations regarding its statutory functions and responsibilities.

The main HECB responsibilities can be categorized as follows:

I. Policy Functions. *Strategic Planning*. The HECB must develop a statewide strategic master plan for higher education every four years, including developing institution role and mission statements for the four-year institutions and community and technical college system.

Budget Review. The HECB reviews, evaluates, and makes recommendations on operating and capital budget requests from the public four-year institutions and the community and technical college system.

Degree Approval. The HECB is authorized to approve creation of any new four-year degree program, recommend modification of on-campus programs, and approve off-campus programs of the four-year institutions.

Transfer Policy. The HECB establishes a statewide transfer of credit policy and agreement, in cooperation with the higher education institutions and consistent with statewide inter-institutional guidelines.

Cost Study. Every four years, in consultation with legislative committees, the Office of Financial Management (OFM), and the higher education institutions, the HECB develops definitions and criteria for determining undergraduate and graduate educational costs for colleges and universities. The two and four-year institutions then perform an educational cost study.

Accountability. Since 1997, a proviso contained in the biennial operating budget has directed each four-year institution to submit a biennial plan for making measurable improvements toward achievement of long-term performance goals. The HECB sets improvement targets and annually monitors institutional progress. Similar language directs the State Board for Community and Technical Colleges (SBCTC) to develop a biennial plan and set performance targets for each community or technical college.

Data. The HECB is generally charged with establishing a state system for collecting, analyzing, and distributing information.

Collaboration with K-12. In 1994, the HECB and the State Board of Education were directed to convene a task force for ongoing discussion of curriculum issues that transect higher education and common schools.

Other. Various statutes assign other policy functions to the HECB, such as:

1. Recommend compensation practices using comparative data from peer institutions;
2. Identify methods to reduce administrative barriers to efficient institutional operations;
3. Report on accomplishments, expenditures, and requirements of higher education system;
4. Recommend ways to remove economic incentive to use off-campus funds for on-campus activities; and
5. Study system operations to identify efficiencies.

II. Coordination Functions. *Inter-institution Relations.* This category includes such assignments as: coordinating activities among all segments of higher education, promoting inter-institutional cooperation, monitoring institutions for compliance with state policies, and arbitrating disputes among institutions.

Facilities and Services Oversight. The HECB is also directed to approve the purchase/lease of off-campus facilities, adopt guidelines for higher education centers and consortia, establish campus service areas, develop criteria for the need for new four-year institutions, and recommend merger or closure of institutions.

III. Education Services Administration Functions. *Financial Aid*. The HECB administers all state and state-administered federal financial aid programs. There are separate statutes pertaining to more than 15 different financial aid programs, the largest of which is the State Need Grant.

Displaced Homemaker Program. Under this program, the HECB provides grants to contractors who offer counseling, job search, training, and referral services; monitors contracts, and assesses contractor performance. Nine of the 11 contracts are with community or technical colleges.

Other Programs. Various statutes in Title 28B create responsibilities for the HECB regarding the following programs: state support of higher education, distinguished professorship trust, graduate student fellowship, student exchange compact, border county pilot project, Washington Scholars Program, teacher training pilot project, and competency-based admissions pilot project.

IV. Board Membership. The HECB is made up of ten members, including one student, who are representative of the public. All are appointed at large by the Governor and approved by the Senate. All members, except the chair and the student, serve four-year terms. Following the term of the chair serving as of June 13, 2002, the board selects the chair from among its members. As the result of a partial veto of legislation enacted in 2002, the term of the current chair is unstated.

Summary of Amended Bill: The roles and responsibilities of the HECB are organized and recodified into a new chapter of law with three sections: General Provisions; Policy and Planning; and Education Services Administration. References to recodified or repealed sections are corrected.

Overall Purpose. The purpose of the HECB is restated:

1. Develop strategic master plan and continually monitor progress toward meeting goals;
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 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.

I. 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. The HECB reviews, but does not develop, institution role and mission statements. The purpose of the review is to ensure institutions' roles and missions are aligned with the overall state vision and priorities. 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. The HECB must report annually on progress being made in implementing the strategic master plan.

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 at the same time they submit them to OFM.

Degree Approval. The HECB must develop a comprehensive needs assessment process for additional degrees and programs, new off-campus centers or locations, and consolidation or elimination of programs. The following activities are subject to approval by the HECB: new degree programs or off-campus programs by four-year institutions; purchase or lease of major off-campus facilities by all institutions; creation of higher education centers or consortia; and new degree programs or off-campus programs by an independent four-year institution offered in collaboration with a community or technical college.

Institutions must demonstrate that a proposal is justified by the needs assessment and aligned with the statewide strategic plan. The HECB will periodically recommend consolidation or elimination of programs, based on the needs assessment.

Every two years the HECB, the SBCTC, and the Workforce Training and Education Coordinating Board (WTECB) will 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.

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. The HECB will submit a progress report by December 1, 2006, by which time the Legislature expects measurable improvement in transfer efficiency.

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 approves biennial performance targets for each institution and the community and technical college system. The SBCTC sets targets for each college. 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.

Data. In consultation with higher education institutions and other state agencies, the HECB will identify data necessary to carry out its responsibilities. The goals of this data collection and research are to describe how higher education beneficiaries are being served, support accountability, and assist with decision-making. The HECB convenes a research advisory group to assist in identifying cost-effective ways to collect or access data, recommend research priorities, and common definitions to maximize reliability and consistency of data across institutions. Protocols must be developed by the HECB and the advisory group to protect privacy of individual student records while ensuring the availability of data for legitimate research functions.

Collaboration with K-12. The HECB, other education agencies, higher education institutions, and school districts must work on a variety of topics to improve coordination, articulation, and transitions among the state's systems of higher education. The goal is increased student success. The agencies must submit biennial updates on their accomplishments and plans, beginning January 15, 2005.

Other. A list of other policy functions assigned to the HECB is repealed: review of compensation practices; identification of administrative barriers to efficient institutional operations; reporting on accomplishments of the higher education system; recommendations for ways to remove economic incentive to use off-campus funds for on-campus activities; and studies of system operations to identify efficiencies. Instead, the HECB is generally directed to perform periodic analyses of tuition, financial aid, faculty compensation, funding, enrollment, and other policy issues. The HECB, in cooperation with the higher education institutions, will also highlight and promote innovative programs to improve the quality of instruction, promote economic development, and enhance efficiency.

II. Coordination Functions. *Inter-institution Relations.* The HECB is no longer required to coordinate activities among all segments of higher education, promote inter-institutional cooperation, monitor institutions for compliance with state policies, or arbitrate disputes among institutions.

Facilities and Services Oversight. Requirements that the HECB establish campus service areas, develop criteria for new four-year institutions, or recommend merger or closure of institutions are repealed.

III. Education Services Administration Functions. *Financial Aid.* Statutes pertaining to the State Need Grant program are moved into a new RCW chapter. The HECB is directed to make allocations from the State Need Grant in a timely manner and monitor expenditures closely to avoid over or under-expenditure of funds. A list of financial aid programs administered by the HECB is updated.

Displaced Homemaker Program. Administrative responsibility, staff, and resources for the Displaced Homemaker Program are transferred to the SBCTC, effective July 1, 2005.

Other Programs. Various statutes in Title 28B pertaining to other programs or responsibilities of the HECB are moved into the new chapter of law under the Education Services Administration section.

IV. **Board Membership.** A 10-member advisory council to the HECB is created, including the Superintendent of Public Instruction whose term is concurrent with the term of office. Nine members serving two-year terms include representatives of the SBCTC, the SBE, the research universities, the WTECB, the comprehensive institutions, four-year faculty, two-year faculty, proprietary schools, and the independent colleges and universities. The HECB meets with the council at least quarterly and must seek its advice regarding the discharge of the HECB's responsibilities. Language is added to clarify that the HECB chair serving as of June 13, 2002, serves at the pleasure of the Governor.

V. **Other Repealed Sections.** Various sections of law are repealed, including one-time studies and responsibilities that the HECB no longer exercises, such as developing a statewide telecommunications plan and convening interstate discussions on teacher preparation. A number of outdated laws are repealed, including intent sections, effective dates, and severability clauses from earlier acts; reference to financial assistance to blind students that dates from the 1940s; and references to a tuition waiver for the Washington Award of Excellence that was repealed in 1998.

Amended Bill Compared to Substitute Bill: Institutions will submit budgets to OFM and to the HECB on the same date. Additional repealers are included. The advisory council is expanded to include 10 members.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This rewrite of the HECB statutes provides a renewed focus for the work of the Board and clear direction for the development of the Strategic Master Plan as well as a renewed emphasis on the role of the HECB as an advocate for the higher education needs of Washington citizens. The creation of a broad-based advisory council will ensure cross-sector communication leading to the entire community coming together to do some thoughtful planning. A strong foundation for data analysis is important to the work of the Board. The financial aid role will continue while the regulatory function is reduced.

Concern is expressed about the lack of a funding system as well as the change in the timing of the budget submittal.

Testimony Against: None.

Testified: PRO: Rep. Phyllis Kenney, prime sponsor; Jim Sulton, Exec. Director, HECB; Sandy Wall, SBCTC; Bryan Wilson, WTECB; Ruth Windhover, WEA; Wendy Rader-Konafalski, WFT; Terry Teale, COP. CONCERNS: Randy Hodgins, UW; Jim Huckabay, CWU, CFR; Gail Stygall, UW, CFR.