

HOUSE BILL REPORT

HB 1997

As Reported By House Committee On:
Higher Education
Appropriations

Title: An act relating to higher education.

Brief Description: Redefining the relationship between the state and its postsecondary institutions.

Sponsors: Representatives Quall, Jacobsen, Ogden, Brumsickle, Miller, Basich, Shin, Locke, Wood, Silver and J. Kohl.

Brief History:

Reported by House Committee on:
Higher Education, March 3, 1993, DPS;
Appropriations, March 6, 1993, DPS(HE-A APP).

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Jacobsen, Chair; Quall, Vice Chair; Brumsickle, Ranking Minority Member; Sheahan, Assistant Ranking Minority Member; Basich; Bray; Carlson; Casada; Finkbeiner; Flemming; Kessler; J. Kohl; Mielke; Ogden; Orr; Rayburn; Shin; and Wood.

Staff: Susan Hosch (786-7120).

Background: Under current law, the Higher Education Coordinating Board (HECB) is required to adopt a master plan for higher education by December 1, 1987. The board is also required to update the plan biennially, and present it to the governor and to appropriate legislative committees. Following public hearings, the Legislature, by concurrent resolution is required to approve the plan and the biennial updates or recommend changes to each. The plan then becomes state higher education policy unless legislation is enacted to alter the policies set forth in it.

During the last two years, the board has followed an exhaustive process to update the master plan. The process included surveying more than 1,000 state residents to determine the critical challenges facing Washington education. In addition, nine regional meetings were held with community leaders across the state. The board also discussed issues

with college and university presidents and the heads of various state agencies.

Through that process, the board identified five critical challenges. They include: increasing access to higher education for residents in a variety of categories; ensuring increased access contributes to the achievement of the state's social and economic objectives; and promoting excellence in undergraduate education. Two additional issues were: expanding higher education partnerships with other educational sectors, business and community service organizations; and establishing an adequate funding basis for public higher education.

At the conclusion of the process, the board adopted 14 recommendations for improving higher education. Some of the recommendations were included in a proposed new compact between the state and its colleges and universities.

Summary of Substitute Bill: The relationship between the state and its public colleges and universities is redefined through a compact based on trust, evidence and a new alignment of responsibilities.

The policy of the state is to create an environment in which state colleges and universities have the authority and flexibility to help the state attain its goals and objectives for higher education. These goals and objectives include increasing access to, improving the quality of, and enhancing the accountability for the postsecondary education system. The policy includes providing adequate funds for enrollment growth and financial aid; developing new definitions of quality based on clear results and effective operations; exempting institutions from certain state level regulations; and developing a system of coordinated planning and reporting.

Colleges and universities are responsible for developing strategic plans, providing timely information, administering local financial aid programs, and operating as efficiently as feasible within institutional goals and missions.

The Higher Education Coordinating Board is responsible for coordinating the strategic planning process; preparing regular reports on program accomplishments and institutional resource use; administering statewide student financial aid programs; and helping and monitoring institutional efforts to improve efficiency.

The policy of the state includes providing colleges and universities with incentives designed to promote innovative ways to improve higher education. In order to support these innovative efforts, the Legislature intends to appropriate to

the fund for excellence an amount equal to 0.5 percent of the proposed state appropriations for institutions of higher education.

At the end of a biennium, institutions of higher education may retain any money saved through management efficiencies and productivity gains. The savings will not be created by reducing instructional services for students. Future budgets will not be reduced by the amount of these savings. The savings will be placed in an efficiency account in the state treasury. Money in the account cannot be used for promotions, the correction of salary inequities, or for salary or enrollment increases above the level permitted in the institution's budget. Before an institution is permitted to withdraw money from the account, its governing board must adopt an expenditure plan. Some suggested elements of the plan are described.

In cooperation with the institutions, the state Board for Community and Technical Colleges, and appropriate state agencies, the HECEB may identify methods to reduce administrative barriers to efficient institutional operations. The methods may include a waiver of statutory requirements and administrative rules on a pilot basis if the waivers might result in efficiencies for the institutions and the state.

With the four-year universities and college, the board will conduct a study of higher education system operations. The study will identify efficiencies designed to increase access to, improve the quality of, and reduce the cost of higher education. The elements of the study are described. In addition, the board will report regularly on the postsecondary educational system to the Legislature and the citizens of the state. In order to provide the board with data needed for the report, institutions of higher education and the state Board for Community and Technical Colleges will provide the board with needed information in a uniform format. Independent institutions are encouraged to cooperate with this effort and to provide to the board information in a uniform format.

The board will update the master plan for higher education every four years rather than every two years.

Substitute Bill Compared to Original Bill: The Legislature intends to appropriate an amount equal to 0.5 percent of the proposed appropriations for institutions of higher education into the fund for excellence. The Higher Education Coordinating Board will not waive administrative requirements for institutions. Rather, it may work with institutions to identify areas where waivers might assist benefits, institutional operations and the state. A method for permitting institutions to retain general fund savings is

adopted. The report of the board on the state of the postsecondary system will include information on the entire system.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: (Original bill): The bill begins to implement the HECB's update of the master plan for higher education. It would assist institutional efforts to improve their operations, it would provide funding to innovative efforts to improve educational quality, and it would provide a coordinated system of institutional strategic planning. In addition, it provides systematic feedback to the citizens of the state on the accomplishments of higher education, and permits the HECB to update the master plan every four years rather than every two years.

Testimony Against: (Original bill): Dedicating a certain percentage of state funds to the fund for excellence may result in reductions to institutional budgets. Those reductions would reduce the quality of education for students. Some institutions have already completed strategic plans. These institutions should be permitted to amend those plans instead of beginning their efforts anew.

Witnesses: (In favor): Jim Sainsbury, Higher Education Coordinating Board; David Habura, state Board for Community and Technical Colleges; and Terry Teale, Council of Presidents.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Higher Education be substituted therefor and the substitute bill as amended by Committee on Appropriations do pass. Signed by 25 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Linville; Peery; Rust; Sehlin; Sheahan; Sommers; Stevens; Talcott; Wang; Wineberry; and Wolfe.

Staff: Sherie Story (786-7142).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Higher Education: Sections are removed that permit public colleges and universities to retain state funds at the end of a biennium.

The section is removed that expresses legislative intent to appropriate into the Washington fund for excellence in higher education an amount equal to 0.5 percent of the proposed appropriations for higher education institutions. The provision allowing the Higher Education Coordinating Board to waive statutory requirements and administrative rules for institutions of higher education on a pilot basis, in order to enhance efficiency, is changed to a provision for the board to work with appropriate agencies to reduce administrative rules or to recommend statutory changes.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: None.

Testimony Against: None.

Witnesses: None.