

# HOUSE BILL REPORT

## HB 3103

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### As Reported by House Committee On:

Higher Education  
Appropriations

**Title:** An act relating to higher education.

**Brief Description:** Revising provisions for higher education.

**Sponsors:** Representatives Kenney, Cox, Fromhold, Priest, Morrell, Hudgins, McCoy, McDermott, Haigh, Simpson, G. and Santos.

### Brief History:

#### Committee Activity:

Higher Education: 2/3/04, 2/6/04 [DPS];  
Appropriations: 2/9/04, 2/10/04 [DPS(HE)].

#### Brief Summary of Substitute Bill

- Restates the overall purpose of the Higher Education Coordinating Board (HECB).
- Revises major policy functions of the HECB: planning, budget review, degree approval, transfer policy, accountability, education cost study, data collection, and collaboration with K-12. Repeals various responsibilities of the HECB to coordinate the higher education institutions, such as dispute arbitration or monitoring compliance with state laws.
- Creates an advisory council with four ex-officio members and three representatives from faculty and the four-year independent institutions.
- Transfers the Displaced Homemaker Program to the State Board for Community and Technical Colleges.
- Reorganizes and updates various statutes pertaining to HECB responsibilities and financial aid programs.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Kenney, Chair; Fromhold, Vice Chair;

Cox, Ranking Minority Member; Priest, Assistant Ranking Minority Member; Chase, Condotta, Jarrett, McCoy, Morrell and Ormsby.

**Minority Report:** Do not pass. Signed by 1 member: Representative Boldt.

**Staff:** Barbara McLain (786-7383).

**Background:**

The HECB was created in 1985, succeeding the state's Council for Postsecondary Education. The overall purpose of the HECB is 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.

### Board Membership

The HECB is made up of 10 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.

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### **Summary of Substitute 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.

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 by August 1.

*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 (Workforce Board) 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.

### Board Membership

An advisory council to the HECB is created, including the executive director of the SBCTC; the executive director of the Workforce Board; the chair of the Council of Presidents; and the Superintendent of Public Instruction (SPI). The council also consists of a representative of four-year faculty appointed by the Council of Faculty Representatives; a representative of two-year faculty appointed by the SBCTC; and a

president of a four-year independent institution appointed by the HECB chair based on recommendations from the institutions. 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.

#### 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.

#### **Substitute Bill Compared to Original Bill:**

A continued purpose of the HECB is to represent the broad public interest above the interests of individual institutions. The strategic master plan must encompass all sectors of higher education, and the HECB will review the comprehensive plan for the community and technical college system. The HECB must use regional planning and decision-making before statewide planning and report annually on progress in implementing the strategic master plan.

Institutions submit their biennial budget requests, not an outline of their requests, to the HECB for review by August 1. Supplemental budget requests are also due August 1, rather than at the same time they are submitted to the OFM.

Modification of off-campus programs is no longer subject to HECB approval, but the HECB responsibility to approve purchase or lease of major off-campus facilities and creation of higher education centers or consortia is reinstated. Every two years the HECB, SBCTC, and the Workforce Board will assess the number and type of higher education and training credentials required to meet employer demand.

Under the accountability system, the HECB approves, but does not establish, institutional performance targets. Institutions submit biennial performance improvement plans to the HECB along with their budget requests, rather than by August 15. The HECB submits progress reports to the Legislature along with its budget recommendations, not by November 15. The HECB must develop indicators and benchmarks to measure its own performance and submit progress reports along with the institution progress reports.

The goals of HECB data collection are to describe how higher education beneficiaries are being served, support accountability, and assist with decision-making. The HECB, not

the research advisory group, sets research priorities, adopts policies, and ensures reliability and consistency of data across institutions. Data protocols must protect privacy of individual student records while ensuring the availability of data for legitimate research functions.

Rather than creating a new work group of education agencies and requiring a work plan with periodic updates, the HECB and other education agencies must work on a variety of topics to improve coordination among the state's systems of higher education. The agencies must submit biennial updates on their work beginning January 15, 2005. A new responsibility for the HECB to adopt rules for all dual enrollment programs is removed.

The Displaced Homemaker Program is transferred to the SBCTC on July 1, 2005, not July 1, 2004.

Rather than add six nonvoting members to the HECB, an advisory council is created that meets at least quarterly with the HECB and provides advice on the HECB's discharge of its responsibilities. A president of an independent four-year institution is added to the membership.

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**Appropriation:** None.

**Fiscal Note:** Received. New fiscal note requested on February 6, 2004.

**Effective Date of Substitute Bill:** Sections 28 through 32 take effect July 1, 2005. The remainder of the bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** (In support to original bill) The Legislature has been examining many facets of higher education in a continuing effort to figure out where the state wants and needs to go. This bill provides direction to the HECB to assist the Legislature and the institutions with this task. The HECB needs to be more identifiable as a board and to have an increased presence on campuses and with the public. The roles and responsibilities of the HECB are easy to articulate and hard to do. The board must be more pro-active. The direction here is well-placed and well-timed, particularly since there is a new executive director. There is clear inclusion of workforce issues in the form of consultation, assessment of supply and demand using workforce data, and other activities. This proposal should encourage and empower the HECB to take a stronger leadership role in the state. Faculty look forward to being more active participants with the board. Much has changed in the last 20 years since the HECB was created, and it is important to keep the board focused on the broad public interest.

(With concerns to original bill) In order to be more active, the HECB's responsibilities regarding data collection and protocols must be strengthened. It is important to retain the

HECB as a citizen board. Putting stakeholders on the board, even if nonvoting, dilutes from the nature of the board as representing the overall citizenry of the state. Review of policies and setting goals should be by an objective group, not a constituency-based group. The proposal to include faculty representatives is a good start, but since there is a voting student on the board, there should also be a voting faculty representative. As a statewide elected official, the SPI should be a voting member. If constituencies are on the board, then consideration should be given to the contributions of the independent colleges. There is ambiguity in the creation of and expectations for the K-12 work group. It is unclear why the HECB would adopt rules for dual enrollment programs.

**Testimony Against:** None.

**Persons Testifying:** (In support to original bill) Representative Kenney, prime sponsor; and Ellen O'Brien Saunders, Workforce Training and Education Coordinating Board.

(With concerns to original bill) James Sulton, Gene Colin, and Bruce Botka, Higher Education Coordinating Board; Wendy Rader-Konofalski, Washington Federation of Teachers; Ruth Windhover, Washington Education Association; Jim Huckabay, Council of Faculty Representatives; Brian Jeffries, Office of the Superintendent of Public Instruction; and Tom Parker, Independent Colleges of Washington.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill by Committee on Higher Education be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Anderson, Boldt, Buck, Chandler, Clements, Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Ruderman, Schual-Berke, Sump and Talcott.

**Staff:** Susan Howson (786-7142).

### **Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Higher Education:**

No new changes were recommended.

**Appropriation:** None.

**Fiscal Note:** Preliminary fiscal note is available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of

session in which bill is passed.

**Testimony For:** The Higher Education Coordinating Board (HECB) was first established in 1985 “ it has been nearly 20 years since there has been a major effort to examine what it does and how it is working. Two years ago the Legislature commissioned a study of the HECB by the Institute for Public Policy. That study concluded that the role and focus of the HECB needed greater clarification. This past interim, the House and Senate Higher Education Committees took a close look at the statutory assignments and workload of the HECB. SHB 3103 is a comprehensive rewrite of the HECB statutes that provides further direction and focus for the HECB’s overall purpose and key policy-making duties. The HECB is expected to do more analysis when it reviews budgets, approves degrees, adopts transfer policies, and examines educational costs. The HECB is expected to establish an accountability system and work more closely with other education agencies to improve transitions between K-12 and higher education. The bill creates an advisory council that will meet quarterly with the HECB to improve communication between the HECB and its constituencies.

**Testimony Against:** None.

**Persons Testifying:** Representative Kenney, prime sponsor; and Bruce Botka, Higher Education Coordinating Board.

**Persons Signed In To Testify But Not Testifying:** None.