

# HOUSE BILL REPORT

## HB 2655

---

**As Reported by House Committee On:**  
Higher Education

**Title:** An act relating to expanding the higher education system upon proven demand.

**Brief Description:** Expanding the higher education system upon proven demand.

**Sponsors:** Representatives Wallace, Seaquist, Anderson, Maxwell and Kessler.

**Brief History:**

**Committee Activity:**

Higher Education: 1/19/10, 1/27/10, 1/29/10 [DPS].

**Brief Summary of Substitute Bill**

- Authorizes the Higher Education Coordinating Board (HECB), institutions, and state and local governments to identify changes in institutional mission or need for major expansion.
- Removes Bachelor's of Applied Science degrees from pilot status and no longer requires legislative approval to commence enrolling students.
- Establishes a process by which the HECB evaluates proposals to expand or change institutional mission.
- Makes changes to the Washington Fund for Innovation and Quality linking existing grant-making authority to the HECB's *System Design Plan*, based on certain criteria and priorities.

---

### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Wallace, Chair; Sells, Vice Chair; Anderson, Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Angel, Carlyle, Driscoll, Haler, Hasegawa and White.

**Staff:** Andi Smith (786-7304).

**Background:**

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

## Higher Education Coordinating Board – System Design Plan.

Beginning in early 2009, the Higher Education Coordinating Board (HECB) embarked on a project to comprehensively examine the current system of higher education and propose a strategic framework that would guide future investments. Washington's last comprehensive study – *Building a System: Foundation Elements (1989)* – laid the groundwork for construction of the branch campuses and defined the territory of existing institutions, as well as other system policies. Since then, the state has conducted other studies to determine regional needs in areas like Skagit, Snohomish, and Island Counties and the Kitsap Peninsula, but no additional comprehensive study has been completed.

Completed in December 2009, the *System Design Plan*'s recommendations are based upon extensive data analysis and seven months of work by a system design group made up of state partner agencies. Numerous meetings also were held to discuss ideas with presidents and provosts of all public universities and several independent institutions.

The *System Design Plan* offers a comprehensive framework for making decisions about how to reach the goal of increasing educational attainment in Washington. Specifically, the plan recommends pathways for expanding system capacity, recruiting and supporting a new generation of college students, increasing efficiency, and emphasizing accountability.

### Expand on Demand Concept.

As part of the *System Design Plan*, the Board developed a new growth management policy to determine when and where new capital expenditures are warranted. The policy was labeled "expand on demand" and predicates expansion to new sites or new missions requiring substantial new capital expenditures on the concept that capacity should follow demand.

Under this framework, institutions and/or communities would submit proposals – either developed at their own initiative or in response to HECB-initiated requests for proposals – to identify under-served regions and populations or high-need program areas requiring capital investment. The HECB would then evaluate the proposals and make a recommendation to the Legislature. In other words, institutional growth requiring new capital expenditures would be approved by the HECB and the Legislature only after a set of external criteria had been met.

Other less-expensive expansion projects, such as growing university centers in leased facilities and developing new teaching sites, would be accomplished through regular budget and program approval processes.

---

### **Summary of Substitute Bill:**

A definition is added to statute for "major expansion" which means "expansions of the higher education system that requires significant new capital investment including building new institutions, campuses, branches or centers, or significant expansion of existing campuses, branches or centers." A definition of "mission change" is also added to statute and means "a

change in the level of degree awarded or institutional types not currently authorized in statute."

The State Board for Community and Technical Colleges (SBCTC) is authorized to select community and technical colleges to offer applied baccalaureate degrees. The SBCTC and the HECB must both review the applications and select programs based on previously established criteria. References to the applied baccalaureate degrees being tested on a pilot basis are removed. No legislative appropriation is required for colleges who are selected through joint HECB/SBCTC process to begin planning for and offering the baccalaureate degree.

Current law dictates that the HECB conduct ongoing assessment of the need for additional degrees, programs, off-campus centers, and program eliminations. Authorization is added to the HECB's existing authority to assess proposed changes in mission and major expansion, pursuant to the newly established statutory definitions. Proposed major expansion and mission changes can be identified by the HECB, public higher education institutions, and state and local governments.

In reviewing mission changes, the HECB must use criteria previously established for conducting state and regional needs assessments. When reviewing proposed major expansion and mission changes, the HECB may use the needs-assessment criteria as threshold inquiry. If the HECB finds that the proposed mission change hasn't been established, then the inquiry is concluded. If the HECB finds that the change is justified, then it must evaluate the viability of the proposal, in consultation with interested institutions and agencies, using the following criteria:

- project scope, including the level of capital investment, the number of students anticipated to be served, and the number of academic programs offered;
- existence of a sustainable financial plan;
- extent to which existing resources are leveraged;
- five-year projections for student populations, including the levels of staff required to support the proposed changes;
- plans to accommodate the expected growth over a 20-year period;
- extent to which new or existing partnerships are part of the proposal; and
- feasibility of any proposed innovations to accelerate degree production.

At the conclusion of the evaluation, the HECB must recommend whether to proceed with the proposed mission change. Those recommendations are then transmitted to the Governor and the Legislature.

Revisions are made to the HECB's existing authority to make grants as part of the Washington Fund for Innovation and Quality in Higher Education. The HECB is authorized to make competitive grants, based-meeting attainment, and productivity needs outlined in the *System Design Plan*. This includes expanding the system in a cost-effective manner, predicated on proven demand; raising educational attainment through innovative initiatives to reach new locations and populations; meeting the needs of underrepresented populations; and encouraging growth in online and hybrid learning, improving productivity through innovations such as accelerated programs and alternative scheduling.

In making changes to the existing grant-making process, the HECB is authorized to make grants to public and private nonprofit two- and four-year institutions, in close collaboration with the SBCTC. Provisions that limited the grant award to two years are removed as are requirements to convene a review committee. The HECB is required to develop biennium-specific guidelines for submitting grants that are consistent with the Strategic Master Plan for Higher Education and the *System Design Plan*.

**Substitute Bill Compared to Original Bill:**

The substitute bill includes a new intent section in which the Legislature finds that: (1) state colleges and universities are providing a high quality education to the citizens of the state and, that in order to meet the needs of the Strategic Master Plan for Higher Education, the state needs a system that is capable of delivering many more degrees; (2) expansion of the current system should be based on demonstrated demand; and (3) the HECB, the SBCTC, the two- and four-year institutions, as well as other stakeholders, developed a *System Design Plan* that contains seven guiding principles for the system, strategies for increasing enrollments without major capital investment, a process for evaluating major new capital expansion, and a fund for innovation in service delivery. The strategies contained in the plan would increase degree production by using existing capacity while providing long-term strategies to guide decisions on when and where to build new campuses.

A definition is added to statute for "major expansion" which means "expansions of the higher education system that requires significant new capital investment including building new institutions, campuses, branches or centers, or significant expansion of existing campuses, branches or centers". The substitute bill makes changes to the definition of "mission change" to mean "a change in the level of degree awarded or institutional types not currently authorized in statute." Provisions regarding a mission change being triggered by over 10 percent of degrees awarded being bachelors of applied science are removed. The substitute bill provides that both proposed mission changes and major expansion may be proposed by the HECB, public colleges and universities, and state and local governments. Threshold inquiry requirements (via the state needs assessment) and HECB evaluation requirements also apply to major expansion proposals.

Legislative appropriation is no longer required to authorize colleges to design and deliver Bachelors of Applied Science (BAS) programs. The pilot designation is also removed from the BAS degrees.

The purpose of raising educational attainment through innovative initiatives to reach new locations and populations is added to the Washington Fund for Innovation and Quality in Higher Education program to guide grant making. The substitute bill also expands the group of institutions eligible for grants to private, non-profit colleges and universities.

---

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The HECB has done a lot of work on the *System Design Plan* to align it with the Strategic Master Plan for Higher Education. This effort seeks to further align our career and program offerings with employer demand. We simply do not have the dollars to do everything for everyone and we need to be strategic. This bill will help us get there. System design is built on the work of the last four years, starting with the Washington Learns program. The major finding out of Washington Learns was to educate more people to higher levels. That work led to the Strategic Master Plan which specified a specific growth goal. The system then spent the last two years working on how to accomplish that growth, especially around reaching the "hard-to-reach" groups. The HECB also took on the task, at your request, of figuring out whether our system is adequately sized. This project was much larger than just the HECB and included stakeholders from both the educational and business communities that formed our steering committee that was in turn supported by a staff group.

The bill contains a rich and robust set of strategies. We need to expand all levels of education, particularly focused on bachelor's degrees. In the near term, we would rely on existing capabilities, expanding branches, university centers, and authorizing permanent authority for applied baccalaureate degrees. The HECB and stakeholders have also identified a process to determine and evaluate major new changes to the system, like new campuses and new missions. This process can be initiated by the HECB or by local governments – in other words – both a top-down and bottom-up approach.

This bill supports the spirit and specifics of system design. It will increase attainment in a significant way. If we are to continue to be players in the global economic market place, we need to expand the skills of our citizens – both for undergraduates and graduates. Another important element of the plan and the bill is increasing access to higher education, especially the underserved. The bill will allow us to deliver in the near term and the long term. There were two areas we emphasized, access and economic needs. We took the direction that we did because we recognized the demographics are changing – first-time adult learners need to be engaged. This bill is part of the implementation of the master plan.

It is our duty to respond to the educational needs of our community. Community colleges are committed to their mission as an open-door institution and Bellevue College is committed to that mission. Our applied bachelor's degrees provide a pathway to access that did not exist before. It responds to an urgent need in the workforce. We appreciate that the pilot status was removed. This bill provides a clearer roadmap for the path to bachelor's education, especially for place-bound and time-bound students.

The conversation about system design was fully worth having. The Council of President's office is in support, though has suggestions. The underlying bill should include more of the core recommendations of the workgroup. One of the key recommendations for the baccalaureate institutions is to set into statute a commitment to reinvest. The plan also does not reflect the essence of the problem regarding participation at the public baccalaureate level. The four-year institutions are highly efficient but low on participation. That is a

tragedy and it should be represented in the bill. The bill emphasizes serving underserved regions, populations, and supports the strategic master plan. This puts forth a rational process, though it builds on the assumption of student demand. As such, we need to encourage more people to seek higher education.

Meeting workforce needs through expansion of teaching at community and technical colleges is important. Right now, the technical trades are struggling to find qualified teachers. The need is so great that private entities have agreed to help fund a program at South Seattle Community College to help train teachers. We need to develop a process to provide the right incentives at the right times.

(With concerns) The HECB has a difficult job – they have to produce more degrees with less funding. A lot of the system design study was aimed at solving that problem. Much of the solution seems to rest on mission change. A better alternative would be to fully fund the missions that the institutions already have.

(Opposed) None.

**Persons Testifying:** (In support) Ann Daley, Neil McReynolds, and Bill Grinstein, Higher Education Coordinating Board; Vicki Orrico and Jean Floten, Bellevue College Board of Trustees; Terry Teale, Council of Presidents; Jane Sherman, Washington State University; Violet Boyer, Independent Colleges of Washington; Malcolm Grothe and Roberta Greer, South Seattle Community College; Laura Hopkins, Aerospace Joint Apprenticeship Committee; David Mitchell, Olympic College; and Jan Yoshiwana, State Board for Community and Technical Colleges.

(With concerns) Bill Lyne, United Faculty of Washington State.

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