

HOUSE BILL REPORT

E2SSB 5182

As Passed House - Amended:

May 21, 2011

Title: An act relating to establishing the office of student financial assistance by eliminating the higher education coordinating board and transferring its functions to various entities.

Brief Description: Establishing the office of student financial assistance and the council for higher education by eliminating the higher education coordinating board and transferring its functions to various entities.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators White, Tom, Hill, Zarelli, Murray, Ericksen, Prentice, Hobbs and Nelson).

Brief History:

Committee Activity:

Ways & Means: 5/5/11, 5/11/11 [DPA].

First Special Session

Floor Activity:

Passed House - Amended: 5/21/11, 59-28.

Brief Summary of Engrossed Second Substitute Bill (As Amended by House)

- Creates the Office of Student Financial Assistance (Office) effective July 1, 2012, and moves financial aid program management from the Higher Education Coordinating Board (HECB) to the Office.
- Eliminates the HECB on July 1, 2012, and establishes a Council for Higher Education subject to recommendations of the Steering Committee on Higher Education and legislation enacted in 2012.
- Creates the Steering Committee on Higher Education, chaired by the Governor, to establish the purpose and functions of a Council for Higher Education among other duties.
- Eliminates various reporting and policy functions of the HECB.

HOUSE COMMITTEE ON WAYS & MEANS

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.

Majority Report: Do pass as amended. Signed by 22 members: Representatives Hunter, Chair; Darneille, Vice Chair; Alexander, Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Carlyle, Dickerson, Haigh, Haler, Hinkle, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

Minority Report: Do not pass. Signed by 4 members: Representatives Hasegawa, Vice Chair; Bailey, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Chandler.

Staff: Trista Zugel (786-7157) and Madeleine Thompson (786-7304).

Background:

The Higher Education Coordinating Board (HECB) was created in 1985, succeeding the state's Council for Postsecondary Education. The HECB provides planning, coordination, monitoring, and policy analysis for higher education in Washington, in cooperation and consultation with the institutions' governing boards and other segments of postsecondary education. The HECB is expected to represent the broad public interest above the interests of individual colleges and universities.

The HECB is required to:

1. develop a strategic master plan for higher education in Washington 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 a cost-effective manner;
4. serve as advocate on behalf of students and the 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.

The HECB has been tasked with the following policy functions: strategic planning; higher education system design; budget review; transfer policy; accountability; and cost study.

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. 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 to ensure alignment with the overall state vision and priorities. The HECB must report annually on progress being made in implementing the strategic master plan.

Higher Education System Design. Mission changes and major expansions are subject to approval by the HECB. Gaining HECB approval is a two-step process. First, a needs assessment process is conducted to analyze the need for the proposed change. If the need is established, the HECB proceeds to examine the viability of the proposed mission change or

major expansion, and make recommendations to the Legislature and the Governor. The HECB is required to consider the strategic and operational use of technology as part of the needs assessment process.

Every two years the HECB, the State Board for Community and Technical Colleges (SBCTC), and the Workforce Training and Education Coordinating Board must 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.

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 institutions 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. The HECB is required to rank major capital projects at four-year institutions in a single list by priority order.

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.

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 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.

Summary of Amended Bill:

The Office of Student Financial Assistance (Office) is created and financial aid program management under the Higher Education Coordinating Board (HECB) is transferred to the Office effective July 1, 2012.

The HECB is eliminated on July 1, 2012, and a Council for Higher Education is created subject to recommendations of the Steering Committee on Higher Education (Committee) and legislation enacted in 2012.

The Committee is created to review coordination, planning, and communication for higher education in the state and establish the purpose and functions of the Council for Higher Education. The Committee is to be chaired by the Governor or her designee and includes four legislators and equal representation from higher education sectors in the state.

The Committee must consider options for creating an effective and efficient higher education system and coordinating key sectors including through the P-20 system; improving the coordination of institutions of higher education and sectors with specific attention to strategic planning, system design, and transfer and articulation; improving structures and functions related to administration and regulation of the state's higher education institutions and programs, including, but not limited to, financial aid, the advanced college tuition payment program, federal grant administration, new degree program approval, authorization to offer degrees in the state, reporting performance data, and minimum admission standards; and the composition and mission of the council for higher education.

The Committee must consider input from higher education stakeholders and report its findings and recommendations, including proposed legislation, to the Governor and appropriate committees of the Legislature by December 1, 2011.

The HECB functions related to providing a priority list of capital budget projects for consideration by the Legislature are clarified. The HECB must prioritize capital budget projects in one prioritized list with no sub priorities or categories and based on criteria that includes the Office of Financial Managements scores. Various reporting requirements and policy functions of the HECB are eliminated related to:

- state support received by students;
- the costs of higher education;
- gender equity;
- technology degree production and costs;
- benefits of tuition and fee reciprocity with Oregon, Idaho, and British Columbia; and
- transmitting undergraduate and graduate educational costs to boards of regents.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect on July 1, 2012, except for sections 104, 105, 203, and 245, relating to eliminating various HECB reporting requirements, which take effect 90 days after adjournment of the session in which the bill is passed, and section 302, relating to creating the Committee, which contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) This bill adheres to the principles we set out for any education governance structure for the state. These principles are: (1) improved coordination between all education sectors; (2) prioritizing the items that add value to higher education; (3) included representation of the four-year system; and (4) adding value to the system as a whole. In addition, it decreases bureaucracy and aligns well with the goals and objectives of House Bill 1795. If it is enacted, the system will do its part to ensure that the system meets the needs of the Legislature and the citizens.

(With concerns) This bill did not have the appropriate public hearings. Currently, the HECB is a comprehensive and diverse body. When created, the HECB was itself a reform that responded to the fact that the universities themselves were over-represented in the system of oversight. This bill separates financial aid from administration, policy setting, and strategic planning. The budget reductions associated with this bill are technically inaccurate.

(Opposed) This bill will eliminate the voice of the students in the governance of higher education and that will create a major inequity. This bill may create a conflict of interest because university presidents will have rule-making authority that may be in conflict with their governing boards' authority. This bill takes the power out of the primary stakeholders—the students. The current HECB is an independent oversight body and an advocate for current and future students. This bill changes that.

Persons Testifying: (In support) Michael Reilly, Council of Presidents.

(With concerns) Don Bennett, Higher Education Coordinating Board.

(Opposed) Mike Bogatay and Mahmoud Hammad, Washington Student Association.

Persons Signed In To Testify But Not Testifying: None.