

HOUSE BILL REPORT

E2SSB 5182

As Reported by House Committee On: Ways & Means

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].

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

- Eliminates the Higher Education Coordination Board (HECB), effective July 1, 2012.
- Creates a Joint Legislative Task Force on Higher Education to establish the purpose and functions of the Higher Education Council.
- Creates the Council for Higher Education subject to the recommendations of the Joint Legislative Task Force.
- Creates the Office of Student Financial Aid to administer the financial aid programs previously managed by the HECB, effective July 1, 2011.

HOUSE COMMITTEE ON WAYS & MEANS

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.

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.

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).

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 HECB is eliminated effective July 1, 2012.

The Joint Legislative Task Force on Higher Education (Task Force) is created to establish the purpose and functions of the Higher Education Council. Membership of the Task Force includes two members appointed by the President of the Senate, representing the two largest

caucuses of the Senate, and two members appointed by the Speaker of the House, representing the two largest caucuses of the House of Representatives. Higher Education Council membership shall include the presidents of the state's research universities, one president from the regional universities or The Evergreen State College, one president of a private nonprofit higher education institution, the Executive Director of the SBCTC, a representative from the Office of Superintendent of Public Instruction, or their designees, and five representatives of the public, one of whom shall be a student.

Student financial aid functions performed by the HECB are all transferred to the newly created Office of Student Financial Assistance (Office) that administers all state and federal financial aid and the advanced college tuition payment program. The Office is created as a separate agency of the state.

Amended Bill Compared to Engrossed Second Substitute Bill:

The amended bill retains provisions that create the Office. The HECB is eliminated effective July 1, 2012. The Task Force is created. The Task Force shall make recommendations on the purpose and functions of the Higher Education Council.

Appropriation: None.

Fiscal Note: Requested on May 4, 2011.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect on July 1, 2011, except for section 239, relating to the creation of a Students with Dependents Grant Account, and section 248, relating to removing the Higher Education Coordinating Board from the list of executive state officers, which take effect January 1, 2012.

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.