

March 2011

Draft Minutes of January 27, 2011 Board Meeting

Board members present

Charley Bingham
Ethelda Burke, chair
Roberta Greene
Bill Grinstein
Earl Hale, vice chair
Jesus Hernandez
Paul Ishii
Addison Jacobs
Sam Shaddox
Sam Smith

Welcome and introductions

Newly-elected HECB Chair Ethelda Burke opened the meeting at 9:00 a.m. and asked the members of the audience to introduce themselves.

Consent agenda items approved

Action: Earl Hale moved for approval of the November 2010 meeting minutes and three additional items on the consent agenda:

1. Adoption of changes to Board Bylaws, *Res. 11-03*
2. New degree program at CWU, Master of Science in Law and Justice, *Res. 11-01*
3. Moderate degree change at EWU, Bachelor of Arts in Education in Early Childhood Education, *Res 11-02*.

Jesus Hernandez seconded the motion. All consent agenda items were unanimously approved.

Discussion with new legislative Higher Education Committee chairs

Board members introduced themselves to Rep. Larry Seaquist, House Higher Education Committee Chair, who shared his views about the future of higher education in the state. He discussed the proposal by the Governor to create a new Department of Education that would merge several agencies from K-12 to higher education under a Secretary of Education reporting to the Governor.

Rep. Seaquist also discussed the need to move quickly to increase educational attainment in the state, even during the current recession. He said our state is near the bottom of the heap. We need to “allow the institutions to be what they are” and we need to figure out how to improve.

In parting, Rep. Seaquist offered to join the HECB in its master plan work sessions around the state during the interim to bring important higher education issues to the public.

Sen. Rodney Tom, chair of the Senate Higher Education & Workforce Development Committee, joined the meeting next. Sen. Tom discussed the relationship between economic competitiveness and education, and the importance of providing strong advocacy for higher education in a time of competing demands for limited state resources.

Report of the Executive Director

Don Bennett provided an update on agency programs and activities, including three agency-request bills that were moving through the process:

- Authorizing the branch campuses of the research institutions to offer doctoral-level programs;
- Streamlining the administration of certain financial aid programs; and
- Eliminating HECB biennial reporting requirement regarding the Health Sciences and Services Authority.

Bennett said the state no longer has reciprocity agreements with Oregon, Idaho, and British Columbia due to changes in state laws allowing institutional control of tuition waivers. Walla Walla Community College continued offering tuition waivers to a limited number of Idaho students into 2010 because they had no record of notification that the agreement ended. The HECB is working with the SBCTC and Walla Walla Community College to develop a workable solution for these students.

Bennett then discussed the Governor’s 2011-13 higher education budget proposal and its relationship to the Board’s budget recommendations. The Governor proposed a total state general fund budget of \$32.1 billion. Of this total, 8.3 percent or \$2.7 billion in state funds are allocated for higher education. Bennett said this would be an all-time low “share” of the state budget for higher education. (The Board had recommended a “survival budget” representing 10 percent of the state budget.)

Impact of Governor’s budget on financial aid

Rachelle Sharpe, interim director for student financial assistance, discussed the impact of the Governor’s proposed budget on student financial aid. The Governor’s budget included \$91.6 million in additional funding for the State Need Grant (SNG) program, which will be used to match proposed tuition increases dollar-for-dollar. This continues a 10-year practice of funding the SNG so that it keeps pace with tuition increases.

Despite this additional funding, however, the number of un-served students in the State Need Grant program is expected to remain high in 2011-13. Currently, more than 22,000 enrolled students who qualify for a SNG are un-served.

Other financial aid programs did not fare as well in the Governor's proposed budget. The State Work Study program, the second largest need-based financial aid program, would be cut by 45 percent from 2009-10 levels. In addition, all other state financial aid programs would be suspended for new recipients.

Governor's Department of Education proposal

Leslie Goldstein, education policy advisor to the Governor, summarized Governor Gregoire's proposal to focus on student achievement by providing a seamless, state-level education system from early learning through career training. Authority now held by numerous early learning, K-12, and higher education agencies would be consolidated in one Cabinet-level Department of Education led by a Secretary of Education appointed by the Governor.

Under the Governor's plan, 10 boards and offices that are currently independent or report to the Governor -- including the Higher Education Coordination Board -- would be merged into the new Education Department. There would also be a separately appointed K-12 education ombudsman and a state education council, which would focus on accountability and best practices.

A transition team would be appointed to plan the steps for bringing agency functions together. The plan is due January 2012 and the transition of agencies and functions would begin by July 2012, to be completed by January 2013.

Board comment

Sam Smith commented that four states have a system similar to the one the Governor is proposing and all are saying that their system is not working and they would like to change it.

Earl Hale wanted to know why the budget for the State Board for Community and Technical Colleges would be assigned to the new cabinet Secretary while appropriations for the four-year institutions would remain with those institutions.

Roberta Greene was concerned about lack of public input on the proposal. She said higher education would lose the kind of attention it deserves when it is lumped with the school districts.

Addison Jacobs said the student achievement initiative by the two-year colleges has already made progress; she wondered if the proposal would disrupt that momentum.

Education governance structures

Jan Ignash, deputy director of policy, planning & research, discussed the experiences of states with differing governance models. Some states have coordinating boards similar to the HECB;

some have university systems; and others have departments that consolidate K-12 and higher education, similar to the Governor's proposal.

Pennsylvania, Idaho and New York have consolidated departments of education. Despite this, these states report there is little cross-sector collaboration and limited ability to pull data from across the system. In Florida where a "super board" was created, there is ongoing lack of system coordination; there is duplication of programs and lack of focus on system capacity measurement. Minnesota's system is not effective at addressing seams of education and has made little progress on other concerns: participation by race/ethnicity, working adults, and affordability.

On the other hand, Ignash said, states that are making significant progress on P-16 issues (Georgia, Maryland, Indiana, and Oklahoma) have unified higher education governing boards or coordinating boards. Ignash concluded that a coordinating board provides a good fit in a state with Washington's particular complexity, political environment and leadership direction.

Higher education Accountability Report, 2009-10

Ignash and Christy England-Siegerdt, associate director for research, presented the Accountability Report, which looks at the progress made by the four-year institutions on seven performance measures; provides an update on SBCTC's Student Achievement initiative; and reports on the Governor's Government Management Accountability and Performance (GMAP) measures.

The report shows that students at Washington's public baccalaureate institutions continue to perform well and demonstrate improvements, as do Pell grant recipients. The community and technical colleges are also reporting considerable success in student achievement. Achievement gains in AY 2009-10 grew at a much faster rate than the number of students enrolled. The GMAP measures show that most undergraduates at the public baccalaureate institutions graduate within a reasonable amount of time (about 4 ½ years) and with a reasonable number of credits.

The report also described several recent state and national initiatives focusing on accountability, including the National Governor's Association's Complete to Compete Initiative, the Governor's GMAP forums, and the Higher Education Funding Task Force. Ignash stated that all of the HECB's current performance measures already align with each other and that the HECB will work towards aligning the measures in the Accountability Report with future initiatives, as appropriate.

Annual report and proposed changes to the program approval process

One of the HECB's important duties is to review and approve new degree programs at the state's six public baccalaureate institutions to ensure they meet student needs and are appropriate investments of state resources. Last year, the HECB approved 11 new degree programs and modifications to six existing programs, reported Randy Spaulding, director for academic affairs.

The new programs reflect efforts by institutions to create new degree opportunities in high demand fields. Two were in science, technology, engineering and mathematics (STEM) fields, two were in health fields, and one fit both categories.

The HECB also approved seven proposals to extend existing programs to new locations or through distance delivery. Two of the extensions use distance delivery, one uses hybrid delivery, and five use centers and teaching sites at four different locations.

Spaulding reported that as state funding for higher education has declined, institutions have come to rely more heavily on tuition revenue to cover operating costs. Resident undergraduate tuition rates are subject to legislatively imposed limitations, but public colleges and universities have unlimited tuition-setting authority for graduate programs.

Finally, Spaulding discussed proposed changes to the program approval process that would place more emphasis on the criteria of demand. The changes would include:

- Advance planning notice for new degree program development, and alignment of initial proposed program requests with the budget process.
- Changes to the two-step degree approval process.
- A procedure to address concerns about insufficient demand or unnecessary program duplication.
- Changes to the Moderate Degree Change process.
- A streamlined approval process in which the HECB may request proposals for programs to meet an identified regional or state need.
- Regular, published deadlines for submission and review.
- Changes to the curriculum review process.
- Definition of faculty qualifications.
- Reduced reporting requirements for contracts to offer programs with community and technical colleges.

Student Financial Assistance -- annual report

The State Need Grant is by far the state's largest financial aid program, serving 70,000 students annually and accounting for 95 percent of all state aid. Rachelle Sharpe said only \$36 million of the \$122 million increase in SNG appropriations over the decade was used to add new students to the program. Appropriations to the SNG program represent a major source of financial support for the 68 institutions that participate.

The annual financial aid report, "Keeping College Affordable," notes that although funding for the State Need Grant (SNG) program more than doubled--from \$90 to \$212 million between 2001-02 and 2009-10--most of that increase (71 percent) was used to offset rising tuition rates, not to expand the number of students being served.

Growth in total students served occurred for two reasons: more students at the lowest income levels applied for and received grants during the decade, accounting for \$23 million (17 percent) of the increase; and the income eligibility limit for the grant was raised twice, accounting for \$13

million of the increase. Income eligibility is now 70 percent of Median Family Income, or \$54,500 a year for a family of four.

A surge in the number of students who qualify for the program and tuition increases of from 7 to 14 percent tuition in each of the last two years has caused a SNG supply/need gap. In the last two years about 22,000 who qualified for an award did not receive one. Just three years ago, fewer than 2,000 annually who qualified did not receive a grant.

“These un-served students may have no choice but to borrow more money, work more hours, or increase the time it takes them to achieve their college goals,” said Sharpe.

Student demand for financial aid has been growing in Washington, in part because tuition increases at public colleges and universities have placed additional pressure on cash-strapped families looking for ways to cover the cost of postsecondary education.

The number of Washington students filling out the Free Application for Federal Student aid (FAFSA) grew 57 percent in the last three years. This year, about 500,000 Washington students are expected to complete FAFSA applications. The FAFSA is required to establish aid eligibility.

The Governor’s proposed 2011-13 budget would increase SNG funding \$91.8 million. This would allow the lowest-income students served by SNG to receive funding to keep up with tuition increases. However, additional funding would be needed to close the 22,000-student supply/need gap.

To increase degree and certificate production in Washington, many more students will need to enroll in, and complete postsecondary programs, and a large percentage of the students will need to come from those who qualify for, or are at the margins of financial aid eligibility. Extending financial assistance to these students will be necessary to meet the master plan goal of raising educational attainment, Sharpe said.

The meeting adjourned at 4:00 p.m.