

Advisory Committee Meeting | November 18, 2016

Meeting Notes

Welcome & Introductions (9.00 – 9.15 AM)

The meeting opened with a welcome from Christina Sedney and a round of introductions for those present.

Meeting Goals (9.15 – 9.20 AM)

Sedney then gave an overview of the meeting goals, which were: provide an update on the WSAC meeting, present proposed additions and modifications to the Preliminary Report, and to solicit feedback from the Advisory Committee for inclusion in the Final Report.

WSAC Meeting Update (9.20 – 9.25 AM)

Randy Spaulding shared an update on the project team's presentation to the Washington Student Achievement Council at their November 9 meeting, noting that the presentation was well received and that there were a few suggestions regarding the inclusion of private schools and the description of nearby RN to BSN programs, such as at Highline College.

Proposed Additions & Modifications to Preliminary Report (9.25 – 11.00 AM)

Dennis Jones then shared the project team's planned additions to the preliminary report. He began with a slide on WGU-Washington's enrollment of students residing in southeast King County zip codes, noting that they enroll 306 undergraduates and 116 graduate students from the area as of October 2016. Undergraduates are primarily enrolled in the Business College while the largest number of graduate students are enrolled in the Teacher's College. Jones then presented WGU-Washington enrollment by city in southeast King County, noting Maple Valley is a significant contributor to WGU's enrollment numbers in southeast King County.

Jones asked if the Advisory Committee knew why this might be and Mark Lanza speculated that it might be related to Maple Valley's size since it is larger than Covington and Jean Floten posited that perhaps there was some kind of partnership with a local hospital. Jones then shared WGU-Washington's transfer data, highlighting the large number of students who transfer from Green River.

Sedney then shared the additional information the team is planning to add to the final report: information on private institutions – both in terms of enrollments and their role as transfer partners to local community colleges; distance education enrollments; further contextual information on RN to BSN programs in the region; occupational projections for King County as a whole; the suggested model and operating plan; and cost estimates for this model.

Demi Michelau then shared a brief overview of the evaluation of potential service delivery models for the region. She noted that in the preliminary report there was a description of multiple potential delivery options and walked through how these were evaluated to arrive at the suggested model. She described how a single facility featuring multiple partners providing program offerings seemed the best equipped to meet the needs of the area for a higher education entity that is: locally accessible, has flexible program offerings, robust student support services, designed for adult learners, and financially sustainable. However, she noted that in discussing financial sustainability, it is important to clarify the distinction between base costs and delivery costs. Tuition and fees should cover content delivery, and a method for covering the base costs must be established. If these two questions are answered the model can achieve financial stability.

Michelau went on to share the suggested delivery model. A lead provider would provide programs and broker partnerships as needed. The space required would likely be about four classrooms (each fully equipped with technology) and three offices, in addition to a modest amount of storage and non-assignable space such as hallways and restrooms. The ideal location would be in a central location with access to ample parking and bus transit. The staffing could consist of three FTEs, a site manager, a student support specialist, and a person to provide clerical support. Contract services might also be used for things like IT support (alternatively, this could also be an FTE) and marketing.

Jones then shared cost assumptions for this structure, described in the table below.

Cost Drivers	Cost/Unit	Assumptions	Total Ongoing Costs
Space	\$30/ft ²	4 Classrooms (600 ft ²)	\$138,450
		3 Offices (120 ft ²)	
		Storage (240 ft ²)	
		Non-assignable(35% of total space)	
Equipment & Technology	\$200,000/ classroom/5 years of use	4 fully equipped classrooms	\$160,000
		Equipment for Site Staff	
Personnel (Salary + benefits)	\$150,000	Site Manager	\$310,000
	\$60,000	Clerical Staff Person	
	\$100,000	Student Support Professional	
Contract Services	\$40,000	IT Support, etc.	\$40,000
TOTAL ONGOING ANNUAL COSTS			\$648,450

Jones clarified that these are gross cost assumptions. For example, the basis of the calculations – four classrooms at 20 students with 30 square feet per student, 3 offices at about 120 square feet, a few hundred square feet of miscellaneous space and using a net to gross conversion factor of 65 percent for non-assignable space. Looking at lease rates for Seattle commercial retail space, these range from \$15 - \$80 per square foot and Jones opted for \$30 per square foot estimating that southeast King County would be towards the lower end of the range. Lanza confirmed that this is a good estimate for space rental in Covington.

Jones conferred with the WICHE Cooperative for Educational Technologies (WCET) on the estimated cost of fully equipping a classroom with technologies that would allow for online or hybrid course delivery and their estimate was between \$100,000 and \$200,000 per room, with a lifecycle of about 5 years for the equipment. Jones opted for the high end here to be on the safe side. He then estimated staffing costs (including benefits) for a site manager, clerical support, and a student services provider. He noted that one of the really important functions of a center would be to have a staff person to whom students can go as sort of concierge. Finally, he noted that there would likely be contract costs, possibly for IT support and potentially for other expenses.

Ellen Matheny asked how Jones was considering the replacement cost of technology - for example what would a ten-year operating budget look like? Jones noted that this depends on how you acquire equipment – for example if this is on a lease basis the cost would be annual versus a large upfront cost spread over a number of years. Spaulding asked if perhaps IT support should be an FTE position. Jones responded that this could go either way. Michelau added that you can have someone on site that is a full-time support person via contract services.

Jones noted that there could be other contract costs, such as advertising. Spaulding replied that he'd like to see an advertising budget in the costs. Jones responded that he had divided up costs by function – so the key question would be who is responsible for the advertising function. He added that content provision is an easy thing to assign costs for. However, there is not evidence of major demand that would indicate hundreds of students would just line up.

Another key question is who owns the space, if one assumes that it goes something like the center in Kent, there would be a developer who owns the space. The question is, who pays the rent. Is that the state, or city, or in part the developer? In addition, who installs and owns the technology? The center would need to be a technology-rich environment. Site management is also critical as the visible face of the enterprise and the recruiter in chief.

Matheny asked how other centers typically address these questions. Sedney replied that the Everett example we hear about so often is in fact quite unique in the amount of state funding they receive. For example, Green River covers these costs for its off-site locations in Kent and Enumclaw, and in some cases students at university centers are required to pay higher tuition to cover the additional costs of an off-site program. Jones added that in theory a combination of state and local dollars could cover operating expenses while tuition should cover content provision.

The largest example of something like this is Indiana University Purdue University Indianapolis (IUPUI), where the state funds a good deal of the costs. Students see a single institution but in fact there are multiple providers. Floten replied that there was a law from 2005 that created university centers and money went to Everett. Spaulding replied that there was a carve out for contract enrollments but that this was a pilot and Everett also got separate proviso money.

Gibbons added that when the center was initially established there was per capita money for Everett Community College and FTE money given to Everett Community College which they used in talking to potential partners to “purchase” individual programs as Everett could allocate the FTE funds to programs. Money has gone out to institutions as it was originally designed – however fiduciary responsibility has shifted to Washington State University (WSU). When the money was flowing through Everett Community College they took almost nothing in overhead, but, WSU is now taking more. Students are in effect paying subsidized tuition and there is a quarterly institution to institution General Fund to General Fund transfer as Everett fees are different than home campus fees. Gibbons noted that there are some things that must be provided locally such as printing and copying. He explained that Everett used to provide these on-site services for free to students in the center – but charged their own students for them which led to a change in policy. Now center students are charged the same fees as Everett Community College students, which are collected and returned to Everett.

Briahna Murray asked how Everett approached the legislature in 2005, whether they had selected their desired partner programs or first asked for a “pot” of resources to attract programs. Gibbons responded that they did both to an extent, but mostly they asked for money to bring in programs. Murray asked how they selected the dollar amount requested – whether there was an FTE formula the state uses or something else. Floten noted that the original law was agnostic, the money went to the state board to administer and in theory there would be a competitive process for schools to apply. Spaulding clarified that there were two funding streams, a competitive pot that was distributed to the winning colleges and that Everett got their own proviso.

Jones noted that this will not be the last time that WSAC will face this question and that the team is trying to think this through as a model that could be applied in multiple contexts and could serve as a precedent for what inevitably comes up in some other part of the state. For example, a community does a program needs assessment (this could be cohort-based and shift with demand) and there could be some central capacity to do this. There are multiple fiscal mechanisms for such a model, for example an entity collects tuition and gets matching FTE money of some kind and enacts a performance contract with a provider to provide services.

Gibbons noted that Everett was continually approaching providers to bring in specific programs and in some cases the FTE money was not enough of an incentive. Even they did not get all the programs they wanted. Michelau asked what would have made them successful in attracting all their desired programs and Gibbons replied that sometimes the capacity to do something in the state was just maxed out – for example in the case of Engineering faculty. Wark added that WSU had promised to provide engineering prior to the passage of the legislation.

Floten cautioned that this could be a slippery slope as there are lots of centers and various partnerships across the state – such as the one she and Gibbons launched between Western and Bellevue – and a university partner site at a community college makes sense versus a network of ancillary enterprises across the state. Jones replied that institutions that can be a partner to four-years will not have the full array of programs that might be needed. Although he recognizes that might not be permanent, so the question is how you make it work, noting that the approach should be a client (student)-centric view not a provider-centric view of education. Since the market for 18-year-olds is pretty well handled, the issue is those students that need to get a couple of extra years.

Floten asked what the framework would be for deciding where university centers should go. Should they be regional? The state can't support them everywhere. Jones replied that what made it work in Oklahoma was a state/local partnership (which was also a public private partnership) and that local communities were bringing resources to the table. In other parts of the country, localities have supported university centers and this is not the last time WSAC will see this come up.

Wark replied that the important question is the policy approach. How can you serve a community's needs and also promote the best interest of the state. He added that California has strong central coordination which Washington lacks. Jones responded that California has done county by county assessments and their transfer numbers are exactly related to the location of California State University (CSU) campuses. However, there are 23 CSUs and over 100 community colleges so there are still many parts of California that do not have access. This is a state problem and it is most

acute where there is not large population density. They use distance education, but an issue is how you provide a broad array of programs.

Floten replied that community colleges in Washington have applied baccalaureates now so this broadens what they can provide in their districts. The logical response is to go to Green River and say we need more nurses and create an applied baccalaureate. A university model doesn't seem financially sustainable over time. Jones responded that if you go down the applied baccalaureate route, the cost ends up as a fixed cost and a permanent asset. If you are primarily serving a population with some college credit and no degree, you want to give them the opportunity to finish the degree they started rather than completing something like a general studies degree. But this would require there to be more than one provider.

Jones noted that this is reflective of what can be affordable for students and the state – the demand here is not thousands and thousands of students, it is a relatively small number. Wark noted that this model is interesting because Federal Way has completed their own needs assessment analysis and they also see healthcare as a primary economic driver and they are also interested in a downtown center site located near a major transit center so they seem responsive to this kind of a model. There was also the SBCTC study of Graham as another example of similar efforts. Wark suggested that there might be a lower cost if local centers were somehow connected and economies of scale could be achieved. Furthermore, since there may be multiple groups going to the legislature, it might be more effective to link efforts. Jones noted that the state is trying to get ahead of this conversation, rather than be reactive.

Murray asked if the goal was to increase the degree attainment rate, would the approach be to go to a local two-year institution and ask them to address the issue. Floten responded that a local institution could partner with a city to address local need and this does happen. She elaborated that when she led Bellevue College, they mounted temporary programs to address local need. Murray asked if these programs were funded with state-subsidized tuition and Floten responded that they were not, they were offered on contract that was more than tuition – that is not a state-funded FTE, but a contracted FTE.

Wark added that Federal Way was reliant on Highline College to be a provider for their efforts. Lanza asked what type of community involvement was required for Bellevue to launch the programs Floten described – he noted that he is beginning to learn that there likely needs to be local investment. She replied that the environment was different when she was doing this at Bellevue 20 years ago, but there was a general frustration that transfer-ready students had no place to go – so they went to Eastern Washington to form a partnership. Bellevue provided facilities and Eastern provided services. However, she noted that this model might not work in Covington

and that there was more money to go around back then. Spaulding added that there is a big difference between a center on an existing campus and building something brand new. Murray suggested that if you look at Everett, it seems an incremental model can be developed – perhaps it could be fleshed out on an existing campus to see if a local cohort exists.

Jones replied that Green River is the logical provider and that once you move it off campus there are a whole host of other considerations. As soon as you talk about moving to someplace else, it changes things. And it only makes sense to take this step if there is public interest expressed locally or at the state level.

Calvert responded that this is the Muckleshoot model, they provide location, partnerships, and relationships. She explained that they had to create the Muckleshoot Tribal College because their needs were not being met by the local community colleges, elaborating that it is really about access and prioritizing what students need. Now they are struggling to decide if they should seek accreditation or stick with this more flexible partnership model. This model is one that is proven to work locally in the tribal community and could work in southeast King County. Jones added that the Muckleshoot Tribe has resources that can be applied to the costs of education and that the analog is that the state or the local community must choose to make the model work. Spaulding asked how many students attend the Muckleshoot Tribal College annually and Calvert replied that it was currently in the range of 150 to 175 students including those in GED and technical training programs.

Floten asked how Green River's Kent Station campus was funded and Deb Casey replied that it is self-supported. She clarified that they do use state support for facilities and transport but these monies are from the general state support Green River receives and not a specific appropriation for the Kent Campus. Wark added that there is a long running conversation regarding Washington's students access to baccalaureates. Matheny asked how the UW – Tacoma expansion model worked and Wark replied that he wasn't sure. Floten noted that these are serious issues and the criteria to date has been "free market" and that she is struggling to understand how we address this since it might set a precedent.

Jones replied that one way to address this would be to have the legislature appropriate a pool of resources, with access to the pool contingent on collaborative course offerings and continued funding based on outcomes. There must be intentionality in state policy and this doesn't currently exist. Spaulding added that another question is whether this is an on- or off- campus issue. For example, Yakima and Highline both got buildings funded by the state, as did Everett. To go back to the budget – some of these considerations could be built into a capital ask. For example, a lease could come out of a capital budget, there are moving parts. Spaulding

further noted that local communities are typically more willing to invest in one-time expenditures as opposed to ongoing maintenance.

Calvert noted that it would be possible to have a site manager, but have support services provided by partners – she added that this a challenge they are working through at the tribal college. Spaulding replied that in his experience, having an on-site, go-to person for students to connect with was a critical component of student success. Jones reiterated this, explaining that with his work with California's community college system he has seen that a maintenance of ties to student services folks from community colleges throughout the postsecondary continuum was crucial to student success.

Elizabeth Meza asked how many students would be anticipated to use a university center. Jones replied that the data reveal potential, but not the actual demand. The big employer demand is in baccalaureate-level health programs. What is difficult to get a grasp of is the demand for IT professionals since there is likely demand outside the immediate southeast King County region. However, at the end of the day students must be interested in programs and that's what we don't know. Murray suggested a helpful takeaway would be an outline of intermediary steps for assessing and meeting local demand.

Deb Casey explained that she has been speaking to Green River's interim president, however since they are in a transition of leadership it is too early to make a commitment and they want to move forward when there is a permanent president. They would be open to partnering on a local effort to explore a cohort-based approach, potentially hosting something on their existing campus. They have had trouble getting a BSN program approved by the state board. Beyond something small they would need to know what the state commitment would be.

Jones responded that if the idea is to proceed incrementally, using Green River's existing space and theoretically student services and IT capacity, the key would be for a site manager type of person to build a local cohort. The data can never be complete enough to say exactly what students will show up. A better solution is to try and assess who would be willing to enroll and that is ultimately the evidence of demand. A low risk solution is needed to test demand. If there is a cohort need, then a new building in a new location could be considered – just as all current branch campuses operate with a local branch manager but with the bulk of student services still offered through the main campus.

Calvert responded that they can identify and launch a cohort in a matter of months when necessary – faculty will move quickly if there is student demand. Murray asked if there would be dedicated FTE money for a cohort? Jones replied that yes they should receive FTE money, however, that covers only incremental costs – which

Casey confirmed. Murray asked if space is a part of this cost and Casey replied that it was not, but that Green River could come to Covington – as they do to the Muckleshoot Tribal College or host. Spaulding noted that a K-12 building could host in the early days at a low cost.

Matheny asked what UW – Tacoma's perspective was on such a project. Wark replied that their service region is south Puget Sound, and their feeder institutions are traditionally Pierce College and TCC but they have always drawn about 23 to 28 percent from south King County (Highline and Green River are significant feeders) as well as from Olympic and South Puget Sound Community College. He added that he keeps bringing up the Federal Way situation because it is just so similar. The 30th Legislative District houses lots of faulty already, and they have a strong relationship in place with Highline College and are only 11 miles from the UW – Tacoma campus. If another university wanted to come, they have the potential to build cohorts that support both. Speaking from a personal standpoint he added that UW – Tacoma's success has been because of local legislative prioritization. If an effort aligned with Tacoma and Pierce, it might be possible to build a legislative coalition. This would be important because there is a complex legislative priority situation and capital funding is competitive. He concluded that perhaps the need is for a statewide study.

Meza noted that she is working on such a study for the Puget Sound region, looking at Pierce, Snohomish, and King County for mismatches between employer demands and degree production. What they are finding is similar to Covington – they are expecting that their study will demonstrate the need for more bachelor's degrees – including for the some college, no degree population. Jones replied that a statewide problem requires a statewide solution. However, he noted that the project team's assignment was to focus on the specific area of southeast King County, but the team is cognizant of the statewide nature of these concerns.

Spaulding noted that there is a framework around developing university centers, what they are lacking is a framework for the "big things." Statewide there is a huge need, the last big higher education investment was branch campuses and there is still significant need. King County is a top importer of degrees, that is people with degrees from other places move to the county. Spaulding also suggested that some FTE funding to attract programs should perhaps be incorporated into the budget.

Murray noted that the first step would then be an employee dedicated to cohort development and advertising and the second step would be FTE funding to incentivize programs.

Feedback from the Advisory Committee for Inclusion in Final Report (11.15 – 11.30 AM)

Wark mentioned that in the analysis of transfer, it is important to note that the UW system is in fact the largest transfer institution of local community colleges and that technically it is a single entity and the branch campuses should not be considered independently. He added that Ali Modarres has conducted an analysis showing that where people access higher education depends not just on where they live but where they work. Therefore, anything on the line between where they live and work is a feasible option for an entity serving working adults.

Floten added that the report needed to clarify that the “one provider per program” feature of the suggested model references only those providers physically at the facility so as not to exclude online providers.

Casey noted that Highline's RN to BSN program should be mentioned in the landscape section.

Matheny then asked if this process had met Covington's expectations. Lanza replied that it had, he now sees opportunities for partnerships in the future that he hadn't realized existed and he finds this very encouraging. He was not particularly surprised that the recommendation was not for a new branch campus in Covington, as much as he might have liked to see that. Murray added that one of the things that they are looking for is to capitalize on the momentum of the study, and that they would like to identify the immediate next steps so that they can prepare for the upcoming legislative session with concrete asks.

Matheny suggested that perhaps it is an “if you build it, they will come” situation and the best way to start might be a single program located in an existing structure, such as a classroom space at a local high school. The need will be to put in place someone with responsibility for building an initial cohort and advertising. Casey added that Green River is also focusing on the some college, no degree population and Wark added that UW – Tacoma was originally founded to serve this group.

Floten suggested that perhaps the city could assist Green River in their efforts to have a BSN program approved. Lanza replied that the Covington City Council is looking to get together with MultiCare and Valley to gauge their actual commitment level. Jones added that while employers are not likely to contribute money, they can contribute clinical placements and job openings. Casey replied that the city helping with clinical site locations would be crucial to the success of this moving forward.

Matheny offered that the short-term message might be a greater awareness of WGU – Washington and their offerings and Lanza added that he thinks there is the opportunity for everyone to come together and work collaboratively.

Next Steps (11.30 – 11.35 AM)

Sedney then closed the meeting by explaining the next steps for the project, noting that the draft final report would be shared with Committee members via email and that feedback would be accepted through December 12 (later extended to December 13). She added that the final report would be submitted to WSAC on December 30. Finally, Sedney, Michelau, and Jones thanked all the committee members for taking the time to participate in the project and noted that their thoughtful and comprehensive feedback throughout the process had been invaluable. As there were no other comments, the meeting was adjourned.