

May 2010

Draft Minutes of March 10, 2010 Advisory Council/Board Meeting

Board / Advisory Council Meeting

Board members present

Jesus Hernandez
Charley Bingham
Ethelda Burke
Gene Colin
Bill Grinstein
Earl Hale
Nita Rinehart
Sam Smith

Advisory Council members present

Charlie Earl, Two-year college system
Vi Boyer, Independent colleges
Doug Wadden, Research institutions
Sheila Fox, State Board of Education
Jim Fridley, Four-year faculty
Eleni Papadakis, Workforce Training Board
Catherine Riordan, Regional universities
John Paul Johnston, Proprietary schools

Welcome and Introductions

Chairman Jesus Hernandez opened the meeting at 10:00 a.m. and asked the Board, the members of the Advisory Council, and the audience to introduce themselves.

Tribute to Retiring Executive Director

Board members adopted *Resolution 10-03*, commending Ann Daley for serving two separate times as HECB executive director and thanking her for nearly 30 years of service to Washington State residents. In August 2009, Daley announced she would be retiring from state service effective March 31, 2010 and March 10 marked her final Board meeting as HECB executive director.

Hernandez thanked Daley for helping the Board negotiate the complex world of Washington State politics and for providing him support and guidance in his role as Board chair. Other members of the Board and the Advisory Council took turns paying tribute to Daley, citing her numerous contributions to Washington higher education. Kim Herman, executive director of the Washington Higher Education Facilities Authority (WHEFA), presented Daley a plaque for her years of service on the WHEFA board.

Interim Executive Director

The Board appointed Don Bennett as interim executive director effective April 1, 2010, while the search for a new executive director continues. Bennett joined the HECB in 2007 as deputy executive director, responsible for agency operations and HECB administrative functions.

Washington Center Presentation

Co-directors Emily Lardner and Gillies Malnarich gave a brief presentation on the objectives and focus of the Washington Center for Improving the Quality of Undergraduate Education at The Evergreen State College. Formed by a budget proviso in 1987, the Center describes itself as a “homegrown statewide resource.”

Its current work supports:

- Academic success for all students.
- Improving college readiness and completion rates.
- Supporting professional development tied to student learning goals.
- Developing tools, strategies, and approaches to assess student learning.
- Expanding connections between the schools and community.
- Sharing resources from leading national, state and campus-based projects.

RAND Study on Societal Benefits of Higher Education

At the January meeting of the HECB and the Advisory Council, it was agreed that the HECB would conduct further analysis of the economic and societal benefits of higher education as a way to begin a financing study. At the March 10 meeting, the group heard a report from Stephen J. Carroll, now retired from RAND Corporation (**R**esearch **a**nd **D**evelopment), regarding a study he co-authored that links education levels with increased state tax revenues and reduced social service costs.

The study cites significant financial benefits to taxpayers resulting from programs and policies aimed at encouraging students to pursue higher levels of education. The study tracked the effects of increases in educational attainment on tax revenues, incarceration costs, and social support and insurance costs. It showed net cost-benefit gains for each step up the educational ladder.

Some of the findings include the following:

- Graduating from college with a bachelor’s degree rather than ending schooling with some college provides the largest net positive financial return to taxpayers.
- Over a lifetime, a white male who earns a high school diploma will pay \$53,000 more in taxes than the cost to the public for his education. That figure rises to \$200,000 if he earns a bachelor’s degree. Similar paybacks were found for African-American, Asian, and Hispanic males.
- Increases in education yield the greatest savings in incarceration costs among African-American males. The net average incarceration cost savings for each individual who earns a high school diploma or equivalent is more than \$120,000, and rises to nearly \$180,000 for those who earn bachelor’s degrees.

Financial aid ‘stop out’ effect significant using RAND study model in Washington

A model developed by the HECB’s Division of Policy, Planning & Research, based on Carroll’s RAND study, shows that cuts to financial aid programs produce significant negative long-term financial consequences for the state.

Taxpayers are likely to lose significantly more tax dollars than they invest over the long run when such cuts are made because many students discontinue their education when financial aid is withdrawn. Cuts of \$32 million today would result in longer-range losses from \$45 million (if 5 percent of students stop out) to \$319 million (if 35 percent stop out). “Stop out” is defined as students failing to attain the next highest level of education as a result of losing their financial aid.

The HECB/Advisory Council meeting was adjourned at 12:00 noon.

Regular Board Meeting**Consent Agenda Items Approved**

Action: **Ethelda Burke** moved for approval of the Board’s January meeting minutes and three new degree programs: CWU - Bachelor of Arts in Middle Level Mathematics and Science Teaching (*Res.10-04*); UW - Master of Geographic Information Systems (*Res.10-05*); and UWT - Bachelor of Arts in Criminal Justice (*Res.10-06*). **Gene Colin** seconded the motion; the consent agenda items were unanimously approved.

Executive Director’s Report

Daley provided her report on agency programs and activities, including highlights of the 2010 legislative session, an update on the GET program, and a status report on the Technology Transformation Taskforce.

Review of 2010 Legislative Session

Chris Thompson, HECB director for governmental affairs, reviewed the status of higher education-related bills in the 2010 legislative session. The Legislature was scheduled to adjourn on March 11, with a special session beginning soon, to work out an agreement between the House and the Senate on the state budget.

HB 2655 passed. The legislation implements the recommendations of the higher education System Design Plan developed over the course of the last year in collaboration with public and independent four-year colleges and universities, the community and technical college system, and guided by a steering committee of prominent Washington business executives and HECB members. Following the basic concept of the 2008 Strategic Master Plan for Higher Education, the Plan provides a thoughtful process to guide decisions about growing the existing higher education system in the state and managing future expansion. (The full version of the *System Design Plan* is available on the HECB website).

HB 1545 also passed. The bill authorizes the HECB to offer some employees the option to participate in purchased annuity and retirement income plans that are commonly available to higher education employees, such as through TIAA-CREF. The purpose of the legislation is to put the HECB on better footing to attract, recruit, and retain mid-level academic professionals.

Senate and House 2010-11 Budgets

Rick Heggie, fiscal policy analyst, briefed the Board on the proposed Senate and House budgets, noting that while the budgets differ substantially on revenue generation, they differ only slightly in the amount allocated for higher education. The Senate budget would provide about \$3.15 billion while the House totals \$3.17 billion.

In fall 2008, the Governor proposed cuts across all state government, including additional cuts to higher education institutions and the state agencies (HECB, SBCTC) that provide policy coordination and direction.

Three basic categories of cuts were proposed in the House and Senate supplemental budgets.

- General Reductions: House \$44 million / Senate \$70 million
- Temporary Layoffs: House \$23 million / Senate \$16 million
- HECB Financial Aid: House \$16 million / Senate \$25 million*

*\$6 million in reductions in both the House and Senate is offset by increased federal Pell grant monies.

Rules to Codify the College Bound Program

The Board approved a resolution establishing formal rule-making and public comment process for the College Bound Scholarship, authorized by the Legislature in 2007. More than 32,000 students have submitted completed applications for the program.

The draft rules provide clarification about student eligibility and outline the respective roles of the Office of Superintendent of Public Instruction and the HECB with respect to program promotion and student tracking. Next steps include filing the proposed rules with the Code Reviser's Office, followed by a public hearing and a six-month public comment period.

<p>Action: Gene Colin moved for approval of <i>Res.10-07</i>, authorizing staff to proceed with the rule-making process to codify the College Bound Program. Charley Bingham seconded the motion, which was unanimously approved.</p>
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The meeting adjourned at 2:30 p.m.