



November 2010

DRAFT – Minutes of October 20, 2010 Board Meeting

Board members present

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

Welcome and Introductions

Chairman Jesus Hernandez opened the meeting at 8:30 a.m. and thanked Dr. Thayne McCulloh, president of Gonzaga University, for his hospitality in hosting an evening reception for the Board and the members of Spokane’s higher education community. Pres. McCulloh in turn thanked the Board for its role in helping the students of the state realize their higher education goals.

Hernandez introduced the two newest members of the Board: Addison Jacobs from Vancouver and Paul Ishii from Seattle. Ishii is the general manager of the Mayflower Park Hotel in Seattle and a member of a non-profit organization that provides financial help for secondary school students. Jacobs is public affairs director for the Port of Vancouver and has served two terms as board trustee for Clark College.

2011-13 Institutional Budget Requests

Executive Director Don Bennett said the HECB is working with staffs at the public institutions to develop a higher education budget recommendation for the 2011-13 biennium. State law requires the HECB to “review, evaluate and make recommendations” on the operating and capital budget requests of the public colleges and universities.

In January, the Legislature will begin considering Gov. Chris Gregoire’s proposed biennial budget, as well as a supplemental budget to close out the 2009-11 biennium. In addition to earlier higher education budget cuts, the Governor recently ordered a nearly 6.3 percent across the board spending reduction to address the latest state revenue shortfall in the current biennium.

And for the next biennium, she has asked institutions to prepare for a 10 percent budget reduction from their base levels.

The presidents of the six public colleges and universities and the executive director of the State Board for Community and Technical College described current impacts of previous budget cuts on students, staff, local communities, and the state as a whole. They said continued cuts in state funding for public higher education could impair academic quality, reduce college access, and make it even less likely that Washington will produce sufficient educated workers for the knowledge-driven jobs of the future.

President James Gaudino of Central Washington University lamented the “missed opportunities that pass by my desk every day” to help Washington’s struggling economy by creating educational partnerships with two-year institutions and expanding efforts to utilize academic research to create new businesses. Because of budget cuts, faculty who might otherwise play a role in those efforts must now spend more time teaching larger classes, he said.

Meanwhile, at most of Washington’s public four-year institutions, student tuition has surpassed state funding as the biggest source of operating revenue, raising the possibility that Washington’s public colleges and universities might one day become what one president called “semi-private universities.”

“To continue down this path is really a dangerous, dangerous thing to do because it allows the state to divorce itself from the importance of higher education in the whole state economy,” said University of Washington Interim President Phyllis Wise.

Gaudino said state leaders should think about the long-term consequences of additional higher education budget cuts. “We may find eight to 10 years from now that we have a different system of higher education,” he said.

There also were appeals for a united effort to explain why continued state support for higher education is important for the state’s future.

The HECB will take action on the 2011-13 higher education budget recommendation at the Board’s meeting on Nov. 16 at the Washington State University Vancouver campus.

A summary of the institutional leaders’ discussion and presentations follows.

Washington State University

WSU President Elson Floyd noted that higher education isn’t a state government function that is mandated by the Constitution, even though its importance to Washington’s economy might justify it being included in that category.

During Floyd’s four years at WSU, he has seen the university’s budget cut by \$10.5 million in the first year, by \$54 million during the current biennium (taking into account partially offsetting 14 percent annual tuition increases and an injection of federal stimulus money), and most recently by another \$11.2 million.

Other institutions have seen their budgets reduced by proportionate amounts. “The reality is that all the trend lines are going in the wrong direction for our colleges and universities,” Floyd said.

As the state has continued to “disinvest” in public higher education, tuition has surpassed state support as a revenue source to cover instruction costs, Floyd said. At WSU today, 77 percent of instruction costs are covered by tuition and 23 percent by state support. However, Floyd contended it is a “myth” that students can offset all the cuts in state support if the institutions just raise tuition high enough.

University of Washington

Interim University of Washington President Phyllis Wise said state funding and tuition are “foundational” to everything the university does, including efforts that bolster the state economy. Reductions in state funding make the university’s financial foundation weaker “and make us more and more vulnerable to not having the ability to do the rest of what we try to do,” Wise said.

Wise said budget-reduction impacts on UW students have included increasing the number of students per adviser, reducing access to financial aid and admissions offices (at a time when demand for college access and financial aid is growing), closing four writing centers and 130 small-group sections, eliminating two doctoral programs and seven master’s programs, and cutting 45 student hourly positions in the library. In addition, the university has decreased police on campus.

If Wise were being “dreamy,” she said, she would roll the clock back to fiscal year 2009, when the state supported 38,500 university students and the institution had an over enrollment (unfunded students) of only 1,240. Today, the state is funding 37,000, and over enrollment stands at approximately 5,000, she said.

Even so, Wise said she believes that university presidents are ready to discount today’s over enrollments for purposes of establishing their base enrollments for the next biennium. “But now we have to think about preserving that base,” Wise said. “If the state is going to cut further, let’s at least connect the cost of education with what the state gives, and let’s figure out together how to make up that gap in funding.”

Eastern Washington University

Eastern Washington University President Rodolfo Arevalo challenged the common misconception that Eastern is a regional institution with limited statewide impact. In fact, it is a comprehensive institution with programs scattered across the state. In recent years, it has strived to meet state needs by consistently increasing the number of students it graduates in high demand fields such as engineering and health sciences.

But Eastern’s student population also has an unusually strong need for financial aid, robust support services and smaller class sizes, Arevalo said. About 55 percent of Eastern students will be the first in their families to earn a college degree, and approximately 78 percent are eligible to receive some form of financial aid. “These are students who don’t know how to navigate a higher education institution,” Arevalo said.

To direct more resources to meeting the needs of these students, Eastern has implemented efficiency measures such as reducing the number of academic colleges from six to four, eliminating the university press and consolidating or eliminating other campus services. “The effort continues—much like some of the other institutions—into how we can downsize the institution, not on a temporary basis, but knowing that this is a new scheme for how we will address the needs of students,” Arevalo said.

Western Washington University

Western Washington University President Bruce Shepard said state support for public higher education has been in “freefall,” dropping 35 percent over the past two years. At Western, that has meant elimination of 14 academic programs and reduced funding for other programs. For eligible students, it will mean reduced tuition waivers for winter and spring quarters and a more crowded campus due to the cancellation of almost all of the university’s off-campus leases. Additional budget cuts would force the university to make decisions about which of its remaining quality programs are most central to Western’s core mission, and which are not.

The most important issue is not the impact budget cuts have on the university itself, but rather on the future of the state and its children, Shepard said. “This generation coming of age now is at risk of becoming the first generation in American history to be less educated than their parents,” he said.

“We will protect the quality [of education] for those who are able to attend,” Shepard said. “It’s Washington we should be most concerned about.”

Byron Starkey, VP Government Affairs, Associated Students of WWU, said financial aid is the single determinant factor for students who want to go to college. Every form of financial aid matters, he said, including state work study, which provide students with a stable income in jobs where they gain experiential learning

Central Washington University

Central Washington University President James Gaudino emphasized the economic impact of budget cuts on the families and communities where Central and other institutions are located. In Ellensburg and Kittitas County, Central is by far the biggest employer, he said. In a typical family situation, one spouse works for the university and receives income and benefits, while the other spouse operates a ranch or other agricultural enterprise. When the university job is lost, the family’s benefits often go with it.

As a result, when implementing budget cuts in the current biennium, the university tried to minimize the impact not only on students, but also on university employees and the community. The institution cut just 8.5 employee positions—including two university vice presidents—but it reduced work hours for another 400.

Last year, the university increased enrollment by 7 percent but didn’t increase the number of sections offered. That means the faculty/student ratio has jumped from 16 full-time equivalent students to 18. The university can probably live with that, Gaudino said, but he worries that the trend toward larger class sizes will continue.

Gaudino noted the ambitious economic development plans some communities in the region have adopted, but he questioned whether the population's educational attainment level is up to the challenge. He cited a Georgetown University study that projected that in eight years, 65 percent of all jobs will require a college education. "We don't have a lot of time to fix this problem," Gaudino said.

"To me, this is an incredible issue of social policy, and we are talking about the future of our state. This is really what we're talking about: we're talking about the social construction, the fabric of this state," Gaudino said.

The Evergreen State College

For Evergreen President Les Purce, the biggest issue raised by the evolving higher education funding picture is its eventual impact on college access.

"This issue of financial support for low- and middle-income, and the most needy, is going to be a powerful and important dilemma that we have to face," Purce said. "If in fact the state is stepping away from its obligation in terms of public general fund support, how do these doors remain open to the mix of student demographics that we know will be coming to seek higher education in the future?"

Purce also had concerns about the Legislature's "one-time" budget-balancing decision to transfer money out of the higher education capital budget and into the general fund. Without that money, which is used for preservation and long-term maintenance of college infrastructure, "we face an extraordinary issue long term because we will see a dramatic decline in the infrastructure that we have," Purce said.

Community and Technical Colleges

State Board for Community and Technical Colleges Executive Director Charlie Earl said it is difficult to get an overall picture of budget impacts at 34 community and technical colleges because of the decentralized governing structure of those institutions. "But we know that it is messy out there," Earl said, noting the "waiting lists everywhere" of potential students who are not being served."

Many of the people who are being turned away have financial needs and are among the 1.5 million adults in the workforce who lack education beyond high school. "So when we're talking about the need to educate our kids, we've actually got to educate adults and kids," Earl said.

Earl was pessimistic that additional community and technical college initiatives would be funded in the next biennium, given the current revenue picture. But he added, "We don't do policy makers any good if we totally bury the needs of students and institutions."

As a result, Earl said the community and technical college budget proposal includes continuation of a previously approved worker retraining program for about 3,500 students, incentive money for colleges that improve student achievement, and a \$31million proposal aimed at encouraging colleges not to abandon basic skills education in light of budget cuts.

One theme that ran through the presentations and discussion with the Board was the need for one common message that all sectors – 4-years, 2-years, public/private, the HECB, the SBCTC and institutional governing boards – could take to the Legislature and to the public to present higher education’s case.

2011-13 Higher Education Capital Projects Scoring Results

During the 2010 session, the Legislature directed the HECB to provide the Governor and Legislature with a single prioritized list of the major capital projects that the Board recommends be funded with state bond and building account appropriations during the 2011-13 biennium. In developing the list, the HECB is to be guided by the project evaluation and scoring process developed by the Office of Financial Management.

Jim Reed, HECB Planning and Policy Coordinator, said the capital projects evaluation and scoring system is intended to align the state’s higher education goals (as articulated in the 2008 Strategic Master Plan for Higher Education) with capital facility spending choices.

Office of Financial Management capital budgets assistant Jeanne Rynne provided a presentation that included the following:

- overview of OFM’s capital projects scoring framework
- OFM scoring results by category
- projects in the pipeline for construction, and
- 2011-13 capital budget update.

A total of 48 project proposals were received from the public four-year institutions. Projects were organized into seven different categories: pre-design, infrastructure, land acquisition, growth, replacement, research, and renovation. The proposals were reviewed and scored by an evaluation panel whose members were drawn from the six public four-year institutions, consultants, and five state agencies.

The Board will consider the prioritized list and take action on its budget recommendation in November.

Consent Agenda Items Approved

Action: Bill Grinstein moved for approval of the **September meeting minutes** and **seven moderate degree change proposals from UW Tacoma:**

- Bachelor of Arts in American Studies
- Bachelor of Arts in Arts, Media, and Culture
- Bachelor of Arts in Communications
- Bachelor of Arts in Environmental Studies
- Bachelor of Arts in Ethnic, Gender, and Labor Studies
- Bachelor of Arts in Politics, Philosophy, and Economics
- Bachelor of Arts in Psychology.

Roberta Greene seconded the motion. **Resolution 10-24** was unanimously approved.

Honoring Former Board Member Gene Colin

Action: Roberta Greene moved for approval of a resolution from the Board honoring Gene Colin, whose term on the Board has expired. Colin served in various board leadership positions as financial aid committee chair, secretary, and board chair in his nine years of service with the HECB. **Bill Grinstein** seconded the motion; **Resolution 10-25** was unanimously approved.

HECB 2011-12 Biennial Operating Budget Recommendations

Bennett presented an overview of the agency budget, which focuses on adequate funding for student financial aid. The agency budget request helps make college affordable by:

- Restoring award amounts to more fully cover actual tuition levels and cost of attendance
- Providing financial aid to less than half-time students
- Increasing State Need Grant eligibility to 75 percent of the median family income
- Funding the Passport to College and College Bound Scholarship programs.

The agency budget request includes the current expenditure authority of \$553 million for 2009-11, with adjustments for carry forward level of \$42 million, maintenance level of \$1.6 million, and need-based support for \$170 million. The total agency budget request for the 2011-13 biennium is \$766,997.

At its July meeting, the Board authorized the executive director to proceed with the agency budget request and submit it to OFM to meet the September deadline.

Update: Guaranteed Education Tuition Program

GET director Betty Lochner provided an update on the GET program for the 2009-11 enrollment year. GET staff have stepped up their outreach and marketing effort to keep the program growing even during the current economic downturn. Lochner reminded that GET is guaranteed by the state, it is flexible, and it can be used anywhere. The program's goal for the 2010-11 enrollment year is to sign up 10,000 new accounts.

Update: Minimum College Admission Standards

HECB Academic Affairs director Randy Spaulding provided an update on efforts by the HECB and the State Board of Education (SBE) to better align course requirements for high school graduation and college admission. One of the key features to the revised high school requirements is that students would be automatically enrolled in coursework that would meet or exceed current HECB minimum admission requirements. In response to these changes the HECB proposes to modify the minimum college admission requirements to improve flexibility for students attempting to meet the requirements.

The proposed changes would:

- Improve alignment between high school and four-year public college admission requirements by:
 - Adding a third credit in science.
 - Adding an additional credit of fine, visual, and performing arts.
 - Recommending high school students take a course of study that matches the revised state requirements.
- Place emphasis on competencies rather than defined “seat time” and allow for use of competency-based assessments to meet admission requirements.
- Reaffirm or modify current policies to ease administrative burden, clarify intent, and ensure alignment with changes to the graduation requirements, including current testing requirements.

Additionally, SBE and HECB staff identified a number of other issues that will be the subject of continuing work between the two agencies.

The meeting adjourned at 4:00 p.m.