

March 2010

## Draft Minutes of January 29, 2010 Advisory Council/Board Meeting

### Board / Advisory Council Meeting

#### Board members present

Jesus Hernandez  
Charley Bingham  
Bill Grinstein  
Roberta Greene  
Earl Hale  
Andrew Helm  
Nita Rinehart  
Sam Smith

#### Advisory Council members present

Vi Boyer, independent colleges  
Mark Emmert, research institutions  
Dan Newell, OSPI/K-12 education  
Jim Fridley, four-year faculty  
Eleni Papadakis, workforce training board  
Catherine Riordan, regional universities  
Sandra Schroeder, two-year faculty

#### **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.

#### **Higher Education Finance Study**

Ann Daley, executive director, started the discussion with a review of the key goals in the Strategic Master Plan related to raising educational attainment in Washington, noting that Washington and the United States are beginning to fall behind other developed nations in educating the next generation to higher levels. She asked the Board and Council to consider three major components relative to higher education finance:

- *What is being purchased from higher education?*
- *What and who should determine the cost of that purchase?*
- *How should purchase be financed?*

The Board and the Advisory Council agreed that a comprehensive finance study is needed to spur significant reinvestment by the state in its public higher education institutions. They recommended that a statewide campaign be conducted to strengthen public understanding of the value of higher education as a public good.

#### Synopsis of questions/comments/suggestions:

- One size doesn't fit all. There is considerable diversity of institutions in this state and there may be different financing solutions and approaches.
- The financing plan should be based on proven efficiencies. It should be based on evidence of need and benefit.

- Washington’s universities are among the most efficient in the world; a good argument could be made for preserving the status quo. The real issue is “What’s the price?” and “who pays the price?”
- We need solid data to show how we’re among the most efficient systems in the country, both from the perspective of students and external stakeholders.
- We assume the public has the data and understands it – but they don’t.
- The challenge is to get people to understand the elements of cost and to look at this from a system perspective. We need to look at costs and revenues and explain them in a way that we – and the students – understand.
- We need to reframe the issue of public vs. private good. What are the social costs of not having more of our population educated? We need to quantitatively illustrate the relationship between diminishing educational investment and increasing costs of social problems.
- Economic development is a message that all of higher education need to deliver. It’s not just the domain of one sector. From a tactical point of view, higher education sectors need to blend, coordinate, and take advantage of complementary constituencies.
- A holistic campaign is needed. We need to go beyond just the HECB. Some elements could be done by our partners.
- We need a multi-faceted strategy; there’s no silver bullet. It is a good strategy to talk about actual job creation and the robust engine that higher education is, and the job losses that result from disinvesting in higher education.
- We need to look at what other states are doing, including the option of a dedicated tax for higher education. But it will take multiple interests to pull off major changes in the tax structure.
- It’s important to have an overall strategy at which we can keep chipping away. *“It’s not impossible to fundamentally change perceptions.”*
- A bold move is warranted. It will take backbone to do this study. We need to come out strong.

In the end, the group decided that the HECB will conduct further analysis of the economic and societal benefits of higher education as a way to begin the financing study. An effort will be made to establish a more direct link between how levels of state funding produce specific economic and societal benefits.

The Advisory Council meeting was adjourned at 12:00 noon. The group meets again in March.

## Regular Board Meeting

### Consent Agenda Items Approved

**Action:** Nita Rinehart moved for approval of the Board’s December meeting minutes and two new degree programs: UW, Master of Science in Information Science , *Res. 10-01*, and WWU, Bachelor of Arts in Education: Language, Literacy, and Cultural Studies, *Res. 10-02*. Charley Bingham seconded the motion; the consent agenda items were unanimously approved.

**Executive Director's Report**

Daley provided an update on agency programs and activities and other higher education-related issues.

- President Obama's FY 2011 education budget continues and expands his commitment to provide a cradle-to-career education for all our children.
- The Washington Scholarship Coalition has launched an online scholarship match system that can be accessed at [www.theWashBoard.org](http://www.theWashBoard.org). The site is free and allows students to efficiently find and apply for scholarships in Washington.
- The HECB's annual compilation of a wide range of data about higher education, including public and private institutions – Key Facts – has been distributed to legislators, college presidents, and other interested parties.
- Bellevue College has graduated its first batch of students and subsequently awarded accreditation at the baccalaureate level by the Northwest Commission. The other three colleges: Olympic, South Seattle, and Peninsula College are going through the final process of accreditation.

**Report by the State Actuary on the GET Program**

Staff from the Office of the State Actuary (OSA), Laura Harper, policy and research services manager and Troy Dempsey, actuary, presented a report authorized by the Legislature in 2009, on the Guaranteed Education Tuition program (GET).

OSA concluded GET is on a sound financial footing if current management practices are continued. According to the report, the likelihood that the state would need to provide direct support for the fund is only 1.5 percent in a 'status quo' scenario. This assumes GET unit pricing continues to rise in tandem with tuition increases and there are no significant market downturns. (GET is wholly financed by the purchases of its subscribers. GET units are guaranteed by the state to cover the future cost of tuition.)

The report also noted that if tuition increases an average of 10 percent annually over a 15-year period, or if there is another serious market downturn, GET unit prices may have to rise to levels that are unaffordable for most purchasers. In this case, a new model for GET pricing might be needed.

Hernandez and Daley thanked the OSA staff for their work and their professionalism.

**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.

- Proposed legislation to implement the recommendations of the HECB's System Design Plan was introduced in both the House and Senate and is advancing toward a vote. The legislation would remove the pilot designation for applied baccalaureate degree programs at the CTCs, provide a new process for mission expansion, and revise the Fund for Innovation statute to direct future funding toward programs designed to implement the goals of the Strategic Master Plan for Higher Education.

- Outright suspensions or dramatic cuts in state student financial aid programs would have both immediate and long-term effects on the state's ability to provide access to affordable postsecondary education for low- and middle-income students. The list of potential consequences continues to grow as new impacts are identified. Gov. Chris Gregoire's second supplemental budget proposal restores most State Need Grant funding that was eliminated in her initial budget proposal, but both versions would continue to suspend State Work Study and other programs.
- A bill that would change the process for developing performance agreements at public four-year higher education institutions received a favorable vote in the House Higher Education Committee. HB 2979 would require that starting next biennium, each institution would develop a draft preliminary performance agreement in consultation with campus constituencies and then negotiate a final agreement with the state performance agreement committee by September 15 of each year. By October 1, the agreement would be submitted to the Governor's office and OFM for use in developing the Governor's budget recommendations.
- SB 6409, a bill sponsored by Sen. Jim Kastama, which would use state lottery money to fund student financial aid programs and recruit entrepreneurial researchers to Washington, received enthusiastic support at a hearing before the Senate Higher Education & Workforce Development Committee.

### **Annual Report on Washington Opportunity Pathways - State Student Financial Aid Programs**

The annual report presented by Rachelle Sharpe, HECB associate director for student financial assistance, shows recession spurring increased demand and need for aid. Financial aid from all sources for Washington students increased in 2008-09, with federally subsidized loans accounting for nearly half of the \$1.8 billion total.

The recession caused many more students from lower-income families to seek higher education last fiscal year. This and rising tuition levels increased the need for financial aid substantially. Of the \$272.6 million appropriated for state financial aid in 2010-11, nearly 85 percent will support the State Need Grant program, which provides grants for the state's neediest students.

**The meeting adjourned at 2:30 p.m.**