



May 2009

Legislative Session Summary

Background

The 2009 legislative session was gaveled to a close on April 26, completing 105 days of what many have called the toughest session in many years. The Legislature passed the three budget bills in the final weekend, along with numerous bills necessary to implement the budgets. After the session ended, there was continued discussion about whether a short special session might be called to complete three additional bills related to budgetary matters. As of this writing, a mid-May special session appears likely.

This summary will focus on enacted legislation and also spotlight several budget provisions related to the Higher Education Coordinating Board (HECB) and, in some instances, the higher education system. Funding for higher education institutions is addressed in separate documents prepared for the Board.

Budget Directives

Within authorized funding levels, the HECB is directed to complete the **system design** planning project, defining how the current higher education system can be shaped and expanded over the next 10 years to best meet the needs of the citizens and businesses of the state for high quality, accessible postsecondary education. This budget proviso contains additional detail that was taken largely from language developed by HECB staff for amendments to separate legislation earlier in the session.

The State Performance Agreement Committee and the six public baccalaureate institutions are directed to develop **performance agreements** covering the next six years. The agreements must include performance targets and benchmarks for at least 11 specified performance measures. The listed performance measures align fairly closely with the existing accountability framework measures common to all baccalaureate institutions. Required measures also include enrollment, advanced degree production in high employer-demand fields, and capital investment.

The State Board for Community and Technical Colleges (SBCTC), the HECB, and the Office of Financial Management (OFM) are required to review and, if necessary, **revise current performance measures** and targets based on the level of resources available in the operating and capital budgets. In addition, these agencies are required to develop new performance targets for the 2011-13 and 2013-15 biennia to guide the two-year college system's contribution toward achievement of the state master plan goals.

Each baccalaureate institution must maintain and endeavor to increase enrollment and degree production in **high-demand** fields listed in the budget. The listed disciplines are: biological and biomedical sciences; computer and information sciences; education with specializations in special education, math, or science; engineering and engineering technology; health professions and related clinical sciences; and mathematics and statistics.

The budget includes \$175,000 for the Office of the State Actuary to conduct an independent assessment of alternatives for ensuring the long-term financial **solvency of the GET program**. Suspension of the program is mentioned as an alternative to be included in the assessment. The actuary must consult with the HECB, institutions, OFM, and legislative fiscal committees in conducting the review. Findings, an assessment of alternatives, and suggested actions are to be reported by November 15, 2009.

Tuition

In 2003, the Legislature granted baccalaureate institutions and the SBCTC authority to set tuition for all students except resident undergraduates, which includes **non-resident, graduate, and professional students**. This authority was established for a six-year period, ending with the 2008-09 academic year. The HECB requested legislation (Senate Bill 5734) to extend this authority permanently. Legislative committees early in the session amended the bill to provide for a six-year extension of this tuition-setting authority. The Senate approved SB 5734 on March 7 by a vote of 44-0.

In the House, support was strong early in the session, with the House version clearing the policy committee 7-3 and the House Ways and Means Committee 21-1. However, as the end of session approached and the gravity of the budget situation became clearer, momentum slowed. The House Ways and Means Committee approved the bill a second time on an 18-4 vote, but only after adopting an amendment to extend the tuition-setting authority for just two years. Late in the session the bill remained on the House floor calendar for over a week while discussions continued, with the bill eventually attracting 44 floor amendments. Dozens of additional amendments were reportedly drafted but not formally proposed or made public. (By comparison, in the House and Senate combined just 29 amendments were proposed on the biennial operating budget.) Many of the amendments were unrelated to the provisions of the

underlying bill, dealing instead with tuition for resident undergraduates and a variety of other matters relating to higher education. About three-fourths of the amendments were withdrawn as debate began, and several of the amendments were defeated. Four amendments were adopted and final approval came on a vote of 53-44. The Senate then agreed to the House amendments by a vote of 36-8 on the second-to-last day of session. In the form in which it passed the Legislature, the bill:

- extends institutional tuition-setting authority for students other than resident undergraduates for four years;
- requires institutional governing boards to consult with student groups prior to adopting new tuition rates;
- limits the uses of tuition revenue in excess of a seven percent increase to instruction, library and student services, utilities and maintenance, other costs related to instruction, and institutional financial aid; and
- directs the Joint Legislative Audit and Review Committee to conduct a systemic performance audit of the public baccalaureate higher educational institutions, with the intention of developing a clear link from revenues to expenditures to performance outcomes.

Resident undergraduate tuition increases were addressed in House Bill 2344. Late in the session, as the magnitude of likely cuts in state appropriations for higher education became clear, a consensus began to emerge that resident undergraduate tuition would need to be increased more than the seven percent annual increase allowed. Under a 2007 law, resident undergraduate tuition was not allowed to increase more than seven percent annually through 2016-17. In its original form, HB 2344 would have eliminated the cap on tuition increases. The HECB testified in the House Ways and Means Committee that it did not support eliminating the cap entirely, but would support a two-year suspension of the cap to partially offset cuts in state appropriations. The bill was amended by the committee to provide for just such a two-year suspension.

After intense debate on the House floor, the bill was approved by the narrowest of margins, 50-47. Prior to final passage, the House further amended the bill, requiring institutions to notify students of tax credits available through the American Recovery and Reinvestment Act of 2009. The bill also requires the HECB, in coordination with higher education stakeholders, to review options and offer recommendations on tuition policy by November 1, 2009. The HECB is specifically directed to examine several topics, including a high tuition/high financial aid model; tuition rates differentiated by factors such as mission, campus, credit hours, program, family income, and delivery method; and policies to encourage more collaboration, coordination, and co-enrollment among institutions. The bill was then approved by the Senate 29-20 and sent to the governor.

A provision included in the operating budget requires institutions to dedicate some new tuition revenue to **financial aid to resident undergraduate** students. This provision does not apply to the portion of tuition revenue that would be collected had tuition increased only seven percent. However, one-seventh of tuition revenue beyond that amount must be used for financial aid for resident undergraduates. This financial aid requirement is in addition to the provision of current law requiring three-and-one-half percent of tuition revenue be used for financial aid.

Financial Aid Programs

HB 2021 directs the HECB and higher education institutions to label financial aid and state subsidies as “Opportunity Pathways.” Federal loans and private alternative loans would not be subject to the branding requirements. All communication, including printed material, presentations, web content, tuition billing statements, and financial aid award notifications must use the “opportunity pathway” label.

The Educational Opportunity Grant (EOG) program is phased out over two years. The program could become part of the State Need Grant (SNG) program, in the form of an “enhanced” grant, at some point in the future. However, the extent to which a part of the SNG may target the needs of place-bound upper-division transfer students will depend on future administrative and funding decisions. Funding beyond the level necessary to support current EOG program participants was not transferred to the SNG program. Institutional financial aid may be offered to high school students in dual-credit programs. Within the State Work Study (SWS) program and using existing resources, the HECB is directed to develop a competitive grant program to place work-study students in high-demand occupational fields. A new Higher Education Loan Program is authorized and the HECB is directed to devise the details of the program to provide low-interest loans to needy students. The bill passed 38-9 in the Senate and 64-34 in the House. Upon signing the bill, the governor vetoed one section that duplicated provisions included in separate legislation.

SB 5044 was approved by the governor and will require the HECB to attempt to direct most funds in the **State Work Study** program to resident students. To the extent feasible, the HECB is to ensure not more than 15 percent of funds go to non-resident students. In addition, the program is directed to encourage job placements in high employer demand occupations.

Through a floor amendment added to the budget in the final days of the session, the **Passport to College** financial aid program that serves former foster youth is to be administered by “a college scholarship organization with expertise in managing scholarships for low-income, high-potential students and foster care children and young adults.” The HECB, which has been administering the program since its creation, must contract with such an organization to provide program

administration. Of the \$3,872,000 total appropriation for the program, the HECB may retain \$39,000 for contract management.

The **American Indian Endowed Scholarship** program is revised under Senate Bill 5001. The bill, which has been signed by the governor, eliminates the requirement that state funds appropriated to the trust fund be matched by private contributions. This will allow quicker investment of any state funds, generating more interest earnings, permitting more or higher value scholarships to be awarded.

HB 1355 creates a new program offering **Opportunity Internships** to low-income students in 10th through 12th grade at public high schools. Up to 1,000 students statewide would be eligible to participate annually. Students who complete an internship and graduate from high school are eligible for one year of financial aid through the SNG program if they enroll in a postsecondary program of study within one year of graduation. The Workforce Training and Education Coordinating Board (WTECB) administers the program and the HECB serves as fiscal agent.

Within local workforce development council regions, consortia will be formed consisting of local employers, labor organizations, high schools, postsecondary education providers, economic development agencies and others. The consortia will organize opportunities for internships, work with students, and implement other aspects of the program. Subject to the availability of funding, consortia will be eligible for incentive payments of up to \$2,000 for each student who completes the program and obtains employment in a high-demand occupation at a wage of at least \$30,000 annually and maintains such employment for at least six months. The budget for the WTECB contains \$230,000 in federal funds to begin implementation of the program. Of that amount, \$110,000 will be contracted to the HECB to modify existing administrative and tracking tools in the SNG program to accommodate opportunity internship students. The House approved the bill by a vote of 65-32, the Senate voted 29-18 in favor of the measure, and it has been signed by the governor.

SB 5043, signed by the governor, directs the HECB to form a work group to develop a plan for creating a single **student access portal** along the lines suggested by the HECB. The purpose of the portal is to provide comprehensive information and applications for college financial, academic, and career planning. The work group would also identify resources necessary to build and maintain the portal, and develop recommendations concerning implementation. No additional funds are provided to conduct the project. The report is due to the Legislature by December 1, 2009.

Program Authorization

The budget for the SBCTC includes funding for 30 full-time equivalent enrollment (FTE) slots at Olympic College and another 10 FTE at Peninsula College in order to facilitate development of **university centers** serving the baccalaureate program needs of the **Kitsap and Olympic Peninsulas**. The allocations are to be used to establish partnerships with one or more universities to deliver upper-division degree programs. The two community college districts are required to coordinate needs assessment, planning and scheduling.

Bellevue College (formerly Bellevue Community College) is authorized in the budget to implement, on a tuition and fee basis, an **applied baccalaureate** degree program in interior design. Program review and approval decisions by the SBCTC and the HECB “shall be completed by July 31, 2009, so that the degree may be offered during the 2009-10 academic year.”

Technical colleges are authorized to offer two-year associate degrees that prepare students to transfer to bachelor’s degree programs in professional fields (HB 1328). A non-legally binding legislative analysis indicates that “professional fields” in this context relate to programs that prepare students for employment in a specific occupation or field, such as engineering, nursing, construction management, and teaching at the secondary level in math, science and technology. The bill has been signed into law by the governor.

Among HECB budget provisos is an appropriation of \$400,000 annually for the agency to contract with **Pacific Northwest University of Health Sciences** (PNWU) to conduct training and education of health care professionals to promote osteopathic physician services in rural and underserved areas of the state. PNWU is a Yakima-based university recently authorized by the HECB to operate and offer a Doctor of Osteopathic Medicine degree program. The institution admitted its first class of 75 students in 2008. Its mission is “to train, educate and encourage scientific research for health professionals who will provide quality care to all communities of the Pacific Northwest, particularly underserved populations.” PNWU plans to become a world-class medical school with academic instructors and practicing physicians, and a student body of 280 who will serve non-urban communities in Alaska, Idaho, Montana, Oregon, and Washington.

Under current law, only the University of Washington (UW) and Washington State University (WSU) are authorized to offer degree programs in several **engineering** disciplines. That limitation is repealed effective July 26, 2009 under SB 5276, recently signed by the governor. All institutions of higher education will be authorized to offer programs in civil, mechanical, chemical, aeronautic, and astronautic engineering.

Workforce Planning

The WTECB must develop comprehensive **workforce development plans** for a 10-year time period under HB 1394. The WTECB will submit an update of the 10-year plan to the Legislature and governor every four years. Previous law has required that the plan be done every two years. The plan submitted in 2008 is a 10-year plan. The first four-year update of the plan is due December 1, 2012.

In a separate measure, Senate Concurrent Resolution 8404, the Legislature approved the 2008 plan submitted by the WTECB, with additional recommendations that the next update of the workforce development plan focus on jobs for a green economy and the renewable energy industry.

Legislation was signed into law directing the WTECB, the state Department of Community, Trade and Economic Development, and the Economic Development Commission to enhance **coordination of workforce development and economic development** strategies (HB 1323). State and local workforce development agencies are directed to coordinate efforts to assist industry clusters. An industry cluster is defined in law as a geographic concentration of connected companies in a single industry and related businesses in other industries, including customers, suppliers, governments, and educational institutions. The SBCTC is required to designate, and fund on a competitive basis, Centers of Excellence. Centers of Excellence are two-year institutions recognized as statewide leaders in industry-specific workforce education and training. Local workforce development councils are required to describe the connection between local workforce and economic development efforts.

The Legislature approved HB 1395, which defines in statute “high employer demand program of study” as an apprenticeship or undergraduate or graduate certificate or degree program in which the annual number of students prepared by in-state institutions for employment in that field is substantially less than the projected annual number of job openings in that field – either statewide or in a region.

Educational Sector Connections

Western Washington University (WWU) establishes a **peer mentoring** pilot project in partnership with a community or technical college to be identified by the SBCTC under HB 1986, approved by the Legislature. The goals of the mentoring program, based on the Strategic Master Plan Implementation Plan, include (1) encouraging elementary students to complete high school and pursue college; (2) developing a model that can be expanded statewide; and (3) increasing the percentage of students who pursue postsecondary education. Pilot institutions will recruit college students to serve as mentors, develop curricula to train mentors, solicit funding,

develop outcome measures, and conduct community outreach and publicity. The HECB expects the State Work Study program will play a role in supporting this effort. A preliminary report is due by December 1, 2010 and the final report is due December 1, 2011.

The budget requires colleges of education at the six public baccalaureate institutions to develop a plan by October 30, 2009 to increase the number of endorsements and certificates granted to **math and science teachers**. The plan, which must be reported to the governor, Legislature, HECB, and Professional Educator Standards Board (PESB) will include goals for each of the next six years, beginning with the 2010-11 academic year. Plan components may include student advising, outreach and recruitment, linkages with university math and science departments, and redesign of endorsement and certificate programs. Reports on progress toward the goals must be submitted annually to the HECB and the PESB by October 30.

The professional development consortium convened by the early learning advisory council is charged under a measure approved by the Legislature (HB 1943) with developing recommendations for a statewide system of preparation and continuing **professional development for the early learning** and school-age program workforce. A broad group of stakeholders, including the HECB, is to be included in the consortium, which is to report final recommendations by December 31, 2010. The recommendations must address a series of topics, including articulation agreements between certificate and credential programs, degree-granting programs, and community-based training programs to enable students to effectively transition between two- and four-year institutions and to apply approved training programs toward credit-based learning.

Technology

All institutions of higher education are encouraged to begin using common online learning technologies under HB 1946, approved by the Legislature. The online learning management and web conferencing systems currently used by the SBCTC are suggested as an option. Sharing of courses, learning objectives, and other digital content is intended. The SBCTC is authorized to modify licences to accommodate new institutional users and to develop a shared fee structure.

The HECB must convene a **technology transformation task force** to improve the efficiency, effectiveness, and quality of education by strategic use of technology. The task force is required to examine a series of specific issues, including investigating similar efforts in other states to use online learning technologies, online student services, online administrative tools, shared library resources, open licensing options for sharing digital content, and methods for pooling enrollments. The group will develop statewide implementation timelines, recommend strategies, and address governance and funding models, among other matters. A comprehensive audit of existing technology-related resources used by public institutions of higher education or agencies

is required. The HECB is further directed to contract with an independent expert to conduct an independent technical analysis of the findings of the audit mentioned above. A preliminary report is due December 1, 2009, and a final report in December 2010. The budget provides \$238,000 to the HECB for implementation of the bill.

Residency

HB 1487 defines as a **resident, for tuition purposes**, anyone who has lived in the state for one year for non-educational purposes and who holds an H-1B, E-3 or L Visa. Spouses and children of those with such Visas are also defined as residents for tuition purposes if they hold lawful nonimmigrant status.

H1-B Visas are for temporary guest workers in jobs using specialized knowledge requiring completion of a course of study in higher education. Temporary workers in certain Department of Defense programs are included in this classification as well. The E-3 Visa is for Australian nationals working in specialized occupations requiring at least a bachelor's degree and includes spouses and children. Certain intra-company transferees are covered by the L Visa if the employee works as a manager or executive, or in a capacity requiring specialized knowledge. The governor has signed the measure into law.

Five specific community colleges and WSU's Vancouver and Tri-Cities campuses are authorized to grant **resident tuition** rates to students who moved to Washington within the past year from one of 13 **Oregon border counties** under HB 1474, signed by the governor. To qualify, the student must have lived at least 90 days in the Oregon border county immediately prior to moving to Washington. In the absence of this new law, Oregon border county residents could attend these Washington institutions at resident tuition rates but would have to pay non-resident rates for one year if they moved to Washington.

Additional legislation approved

- A Center for Human Rights is created at the UW, using non-state funds, to expand opportunities for study and research and to enhance policymaking (SB 5172; status – Delivered to Governor);
- Within existing funds, a Global Asia Institute is formed within the UW's Henry M. Jackson School of International Studies to host visiting scholars and policymakers, to conduct research, and to facilitate cooperation between Asia and the State of Washington (SB 5177; status – Delivered to Governor);

- WWU, Central Washington University (CWU), and Eastern Washington University (EWU) are authorized to award honorary doctorate degrees (SB 5173; status – Delivered to Governor);
- Mandatory tuition waivers previously available to certain military service members and their spouses and children is specifically extended to stepchildren of these military service members (SB 5720; status – Delivered to Governor);
- Voluntary student fees approved by student governments may be used for lobbying (SB 5776; status – Governor signed);
- Students participating in study-abroad programs sponsored, arranged, or approved by higher education institutions may be required to buy health insurance if the student does not already have adequate health insurance (SB 5925; status – Delivered to Governor);
- Bookstores affiliated with institutions are required to disclose information on required course material four weeks prior to the start of classes, though the requirement may be waived on a case-by-case basis and does not apply to faculty members hired less than four weeks prior to the start of classes (HB 1025; status – Governor signed);
- Financial information submitted to UW in connection with privately-managed investment funds is exempt from public disclosure if a loss to the UW endowment or the provider of the information can reasonably be expected as a consequence of disclosure (HB 1640; status – Delivered to Governor);
- The SBCTC must form a work group including faculty from programs in paramedic training, 2- and 4-year nursing degree programs, and others to review curriculum and establish course equivalencies and skill competencies for articulation between the programs, and report findings to the SBCTC by July 1, 2010 (HB 1808; status – Governor signed).