

December 2002

## **Higher Education Coordination in Washington State**

### **SUMMARY**

#### **Study Direction**

In 2002, the Board of Directors for the Washington State Institute for Public Policy (Institute) directed staff to review the mission and operations of the Higher Education Coordinating Board (HECB). This report presents observations of the statutory role and functioning of the HECB based on interviews with individuals with close ties to higher education coordination, policy, and administration. The report also describes the evolution of higher education coordination in Washington State, the current role and authority of the HECB, other states' approaches to governance, and emerging approaches to coordinating higher education.

#### **Washington State's Higher Education Coordinating Board**

The Washington State Legislature created the HECB in 1985. Its mission is to "provide planning, coordination, monitoring, and policy analysis for higher education in the state of Washington in cooperation and consultation with the institutions' autonomous governing boards and with all other segments of post secondary education...."<sup>1</sup> The HECB has numerous statutory responsibilities, including preparing a master plan for higher education every four years, a variety of regulatory and administrative responsibilities, and management of state student financial aid programs. About 96 percent of its budget (\$274 million budgeted in 2001–2003) and 88 percent of its staffing (74.2 FTE budgeted in 2001–2003) are allocated to financial aid payments and administration. The remaining funds support HECB planning, policy, and coordinating functions.

#### **Stakeholder Observations and Opinions**

In the fall of 2002, Institute staff interviewed 70 individuals with close ties to higher education coordination, policy, and administration. The individuals interviewed were administrators of public and private four-year institutions; legislative, HECB, and other state agency staff; community and technical college administrators; elected officials; and HECB members. Respondents occupied positions of significant responsibility but did not necessarily have knowledge of specific program areas, such as financial aid administration.

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<sup>1</sup> RCW 28B.80.320.

Respondents were asked their views regarding the following statutory roles of the HECB: representing the broad public interest; regulatory functions such as program review and approval; administration of financial aid and other programs; and planning, policy, budgeting, and coordinating functions. Although there was no general call for a complete reorganization of the HECB, respondents believe there is a need to reexamine the agency’s purpose and functions.

The responses point to the following broad conclusions or recommendations:

- The overall role and focus of the HECB needs greater clarification.
- Some regulatory and review functions—such as program approval and operating budget review—are of questionable value.
- Administrative functions—particularly financial aid—work well.
- Strengthen and focus on the HECB’s planning and policy roles.

Many respondents agree that the HECB performs its administrative roles quite well. In addition, most respondents value the planning and coordinating functions the HECB was designed to provide, although many see room for improvement. Respondents also identified external and internal factors that may influence the HECB’s effectiveness, some of which are within the influence of the HECB, legislature, or governor (see Exhibit 1).

**Exhibit 1**  
**External and Internal Influences on the HECB**

External Influences on the HECB	Internal Influences on the HECB
<ul style="list-style-type: none"> <li>• Lack of legislative and executive branch leadership regarding higher education.</li> <li>• The variety of actors, interests, and relationships with a stake in higher education.</li> <li>• The HECB’s vague statutory role and lack of authority.</li> <li>• Dissatisfaction or lack of support from the legislature, institutions, and executive branch.</li> <li>• Lack of influence in budget-driven policy process.</li> </ul>	<ul style="list-style-type: none"> <li>• Does not know if it should be a “think tank” that drives policy or a regulatory agency.</li> <li>• Board members and staff are not “on the same page.”</li> <li>• Good staff but lacking expertise in higher education.</li> <li>• Viewed as an extension of the legislature or too focused on the four-year institutions.</li> <li>• Board members are viewed as representing regional interests or institutions rather than the public.</li> </ul>

## Governance Structure

**Types of Governance.** An examination of higher education governance across the nation will show that governance structures may be grouped into three broad categories:

- Governing boards that directly govern two or more separate institutions of higher education;
- Coordinating boards that coordinate the programs and activities of higher education institutions, each with their own independent governing boards; and
- Planning agencies without any coordinating or governing authority.

Twenty-three states have statewide governing boards, 25 states (including Washington) have coordinating boards, and two have agencies with exclusively planning roles. Within the first two categories, there is additional variation among state structures. Some states have multiple governing boards and others govern with a single board. In terms of coordinating boards, some have recommending authority and others have approval authority. There are also states with separate governing and planning boards. Practically speaking, every state's governance model is unique; each one must deal with changing political and economic environments as well as fluctuating confidence levels in coordination/governance functions.

**Evolution of Higher Education Coordination in Washington State.** The HECB can trace its beginnings to the Council on Higher Education (CHE), created in 1969 (re-named the Council on Postsecondary Education in 1975). The CHE could examine proposals from institutions for new degree programs but could only recommend for or against their establishment. The agency had similar recommending authority with regard to higher education planning and institution budget requests. In time this situation proved unsatisfactory, and in 1985 the HECB was established as a coordinating board with approval authority and a stronger regulatory mission.

*Exhibit 2*  
**Washington's Higher Education Coordinating Agencies Over Time**



In Washington and elsewhere in the country, attitudes concerning the need for a higher education coordinating board and its mission fluctuate with some predictability and with common themes, such as shifting social and economic circumstances, issues with board members or staff, legislative expectations, and impressions that higher education planning is not addressing the changes in the policy environment. Vaguely defined lines of authority between the HECB and institutional boards are also a persistent source of tension. The

opinions of respondents interviewed for this study are consistent with contemporary views of the HECB's predecessor agencies.

Lacking strong higher education constituencies, even in the best of times coordinating boards must operate in a atmosphere marked by dissonance. The level of discord, however, ebbs and flows. Thus, each of Washington's coordinating agencies has experienced periods characterized by vigor and activity, followed by the acquisition of additional administrative responsibilities and program oversight, followed in turn by periods of uncertainty and a weakening of the policy role. It is usually at the last stage that the legislature considers adjustments. Since the agency's organization and authority do not change significantly over these cycles, these are probably not the sole issues. A more likely explanation is that while times and situations change, statutory assignments and the interpretation of mission change more slowly.

**The Changing Policy Environment.** The HECB Year 2000 Master Plan identifies the following issues as key to higher education policy: a competitive environment, workforce training, and quality of life for people who live and work in the state. A close relationship between education levels and economic growth is widely accepted, carrying important implications for virtually every aspect of higher education, from improved access to when and where higher education occurs. If colleges and universities are to adjust to a new, more customer-driven style of business, and if they are to operate effectively in these new and fast changing environments, they will need the flexibility to do so.

Across the nation, regulation and micromanagement of higher education by state bodies is shifting toward a greater emphasis on institutional accountability and decentralization. States are broadening their policy focus from a traditional view of public colleges and universities to a wider view of customers and providers, considering a broader spectrum of society as well as the timing and location of higher education. These changes may require a modified approach to coordination, with a diminished focus on regulation and a need for greater institutional responsiveness.

**Responding to the New Environment.** A number of individuals interviewed for this study questioned the value of the state's continued regulatory relationship with its colleges and universities. This concern is not new, as is evident in the statutory consideration of a *new compact* with higher education ten years ago. In 1993, the new compact became official policy when HECB statutes were amended by the Legislature. The amendment declared it state policy to create an environment in which institutions would have the authority and flexibility to meet statewide goals through decisions and actions at the local level. Enrollment lids would be lifted, quality would be defined by results, and the state would avoid micromanagement. The policy would be pursued through a system of coordinated planning and feedback. Under this policy, the state would avoid micro-management in exchange for regular evidence of institutional compliance with state priorities.

Implementing this statutory directive has proved to be difficult. The HECB's Year 2000 Master Plan makes no reference to such a compact and only indirectly references institutional flexibility.

**Beyond Restructuring.** Organizational changes are often contemplated when states choose to alter their focus on higher education governance. As Terrance MacTaggart comments, restructuring alone has little value:

*Reorganization is not an end in itself; rather, it must be a means to an end. A failure to recognize that will lead only to disruptive changes with little lasting gain.*

The latest thinking in higher education governance focuses on the role and responsibilities of institutions by providing a more focused mission and set of expectations.

Institution compacts are an emerging approach to balancing the twin goals of decentralized governance and accountability. Such compacts are a potential means for state policymakers to set goals, priorities, and expectations as well as monitor performance. In exchange for steady appropriations capped at agreed upon amounts and freedom from specified controls on how the funds are spent, an institution would agree within its compact period (e.g., four, five, or six years) to provide higher education services in accordance with public priorities. Agreed upon performance measures, unique to each institution, would be used to evaluate fulfillment of the institution's compact. The compact approach requires the state to develop and maintain, through an agency such as the HECB, a clear and coherent higher education policy framework.

Proposals in Massachusetts, Virginia, and other states would largely free public colleges of state regulation and provide them flexibility to experiment with new academic and tuition policies in exchange for meeting performance goals.