

# SENATE BILL REPORT

## 2SHB 1909

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As Reported by Senate Committee On:  
Higher Education & Workforce Development, March 18, 2011  
Ways & Means, March 29, 2011

**Title:** An act relating to creating a funding mechanism to promote innovation at community and technical colleges.

**Brief Description:** Promoting innovation at community and technology colleges.

**Sponsors:** House Committee on Ways & Means (originally sponsored by Representatives Reykdal, Haler, Seaquist, Carlyle, Hasegawa and Kenney).

**Brief History:** Passed House: 3/02/11, 63-34.

**Committee Activity:** Higher Education & Workforce Development: 3/16/11, 3/18/11 [DP-WM].

Ways & Means: 3/24/11, 3/29/11 [DP, DNP, w/oRec].

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### SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Tom, Chair; Shin, Vice Chair; Hill, Ranking Minority Member; Becker, Ericksen, Kastama, Kilmer and White.

**Staff:** Kimberly Cushing (786-7421)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Brown, Conway, Fraser, Hatfield, Kastama, Keiser, Kohl-Welles, Pridemore, Regala, Rockefeller and Tom.

**Minority Report:** Do not pass.

Signed by Senators Zarelli, Ranking Minority Member; Baxter, Holmquist Newbry and Schoesler.

**Minority Report:** That it be referred without recommendation.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Signed by Senators Parlette, Ranking Minority Member Capital; Baumgartner, Honeyford and Pflug.

**Staff:** Maria Hovde (786-7710)

**Background:** In 2006 and 2007 the State Board for Community and Technical Colleges (SBCTC) conducted an analysis of technology deployment at community and technical colleges. The purpose was to learn how technology could be mobilized to advance student learning, student services, and create greater administrative efficiencies. In all three areas, the SBCTC found a need for greater uniformity across the 34 colleges in the system and the P-20 education system.

In 2008 the SBCTC adopted the Strategic Technology Plan (Plan). The SBCTC defines the Plan as a roadmap for how the community and technical college system can leverage 21st century technologies to support student achievement.

Under current law, the SBCTC is authorized to enter into a certificate of participation (COP). A COP is a securitized financing contract that state and local agencies sometimes use to purchase equipment or construct facilities. When authorized for use by a state agency, COPs are financed by dedicated revenues outside the General Fund, and do not constitute an obligation of general state revenue for purposes of calculating the state debt limit.

**Summary of Bill:** Up to 3 percent of operating fees for community and technical college students are transferred to the Community and Technical College Innovation Account (Account) to be used to implement SBCTC's Plan. The SBCTC approves the percentage to be transferred each year.

The Account is created in the custody of the State Treasurer. The Account may retain its interest earnings. Expenditures from the Account must be approved by the Director of the SBCTC or their designee. Expenditures from the Account may be used for two purposes: (1) paying off debt from financing contracts, such as COPs authorized by the Legislature; or (2) for projects that implement the Plan as approved by the SBCTC. The SBCTC must approve projects under the Plan to improve student achievement, student services, and increase system-wide administrative efficiencies before expenditures are authorized.

The SBCTC and community and technical colleges (CTCs) are required to engage in substantial business process reengineering and adopt system-wide approaches to admissions, financial aid, student identification numbers, student transcripts, and other system-wide processes.

Before implementing a large enterprise resource planning project, the SBCTC must develop a technical and operational business plan and submit it to the Legislature for approval. Additionally, if the CTCs system pursues an enterprise resource planning solution, they must consider adopting existing solutions at state intuitions of higher education; total costs of ownership; opportunities for partnerships, collaboration, coordination, and consolidations with other institutions; technical flexibilities; and other efficiencies. If the SBCTC adopts an enterprise solution plan that is not coordinated with other intuitions, authorization expenditures must be approved by the Office of Financial Management.

The requirement for community and technical colleges to round tuition and fees to the nearest dollar amount is removed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony (Higher Education & Workforce Development):**

PRO: The greatest way to reform higher education is to take an aggressive look at back-end systems. While campuses should look and feel different because of the expertise of faculty and different programs, the accounting, registration, advising, and financial aid systems should work as a single system deployed for all the campuses to share. The bill creates a predictable and sustainable funding system. The institutions are offering up operating funds because they know the Legislature doesn't have a lot of money to fund these things. The institutions have a failing computer system that is three decades old and is hindering innovation and the ability to be more efficient. The community and technical college presidents are eager to move ahead. A new system will allow for data-driven decisions that reflect a high degree of accuracy and timeliness. The nationally leading Strategic Technology Plan has helped the system make great strides in technologies for teaching and learning. Buying these services for the whole system allows for efficient purchasing, saving \$6 million a year. Under the plan, back office systems are up next.

**Persons Testifying (Higher Education & Workforce Development):** PRO: Representative Reykdal, prime sponsor; Cable Green, Michael Scroggins, SBCTC; Patrick Schmidt, Pierce Community College District; Pamela Transue, Tacoma Community College.

**Staff Summary of Public Testimony (Ways & Means):** PRO: This bill is one piece of an overall efficiency approach for state government. It allows the development of common systems through the community and technical college system and creates an opportunity to realize efficiencies without being funded with state dollars. This affects only the operating fee. It does not affect the building fee portion of tuition fees that goes to the capital budget nor does it impact services and activities fees. The purchase of common commodities will allow greater access to educational tools to facilitate being successful in teaching and learning space, including the online library services. This bill will allow us to focus on administrative services. The current system urgently needs to be replaced. It was built over 30 years ago and efficiencies will be gained by updating and modernizing these systems.

**Persons Testifying (Ways & Means):** PRO: Representative Reykdal, prime sponsor; Cable Green, Mike Scroggins, SBCTC; Patrick Schmidt, Pierce College District.