

SENATE BILL REPORT

SB 5136

As Reported by Senate Committee On:
Higher Education & Workforce Development, February 16, 2011
Ways & Means, February 25, 2011

Title: An act relating to establishing the first Washington nonprofit online university.

Brief Description: Establishing the first nonprofit online university.

Sponsors: Senators Kastama, Tom, Hobbs, Chase, Rockefeller, Haugen, McAuliffe, Shin, Hargrove, Harper, Hatfield, Zarelli and Litzow.

Brief History:

Committee Activity: Higher Education & Workforce Development: 2/01/11, 2/16/11 [DPS, w/oRec].
Ways & Means: 2/24/11, 2/25/11 [DP2S].

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5136 be substituted therefor, and the substitute bill do pass.

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

Minority Report: That it be referred without recommendation.

Signed by Senator White.

Staff: Aldo Melchiori (786-7439)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5136 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Baxter, Conway, Fraser, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Pflug, Pridemore, Regala, Rockefeller, Schoesler and Tom.

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.

Staff: Maria Hovde (786-7710)

Background: Western Governors University (WGU) is a private, nonprofit, online university. WGU offers undergraduate and graduate degree programs in business, teacher education, information technology, and health professions, including nursing. The university was founded in 1997 by a group of 19 western governors, including Governor Mike Lowry. WGU enrolled its first student in 1999. While the university receives grants from state and federal agencies as well as corporations and foundations, it does not rely on direct state or federal funding for its operations.

WGU is regionally accredited by the Northwest Commission on Colleges and Universities. WGU is also nationally accredited by the Distance Education and Training Council, the National Council for the Accreditation of Teacher Education, the Commission for Collegiate Nursing Education, and the Commission on Accreditation for Health Informatics and Information Management Education.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Second Substitute): The Legislature expresses its intent to partner with WGU to establish Western Governors University-Washington and provide enhanced access to postsecondary education for all Washington students, including dislocated workers and placebound students. WGU-Washington is recognized as a Washington baccalaureate degree-granting institution that is self-supporting.

The Higher Education Coordinating Board (HECB) may work to eliminate unnecessary barriers to the delivery of online, competency-based education and work with WGU-Washington to integrate its academic programs and services into state policy and strategy. The HECB must work with WGU-Washington to create data-sharing processes and performance assessments. Any modifications in contractual terms or relationships, or changes in nonprofit status, will require consultation and approval by the HECB.

The HECB is required to obtain the approval of the Legislature before allowing students at Western Governors University-Washington to utilize state need grant dollars.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute): The HECB is required to obtain the approval of the Legislature before allowing students at Western Governors University-Washington to utilize state need grant dollars.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Recommended First Substitute (Higher Education & Workforce Development): PRO: The state's demand for baccalaureate degrees far exceeds the production of our state and private colleges. The benefits of recognizing WGU are that credits will potentially transfer more easily; the HECB will approve WGU programs, and education will be more accessible and affordable for Washington students. WGU already has 900 students and 450 graduates from Washington. The average WGU student graduates in 30 months. Employer satisfaction with WGU graduates is very high. We need to expand the mix of educational modes that Washington citizens can use to obtain their education. Flexibility is particularly important for working students. This will come at no cost to the state. The model is consistent with the Strategic Master Plan for Higher Education. Our public institutions are at maximum capacity, and we do not have the resources to expand at the rate we need. The State Board for Community and Technical Colleges (SBCTC) is already working on articulation agreements with WGU.

OTHER: Online education is a good thing, but it is no substitute for real public institutions. We are going down the road to totally private education. This idea saves money by eliminating faculty. Do not pretend that this is a real university education. It is unclear how this would impact state financial aid. The University of Washington (UW) already has self-sustaining degree programs that have resident faculty support.

Persons Testifying (Higher Education & Workforce Development): PRO: Senator Kastama, prime sponsor; Dr. Robert Mendenhall, President, WGU; Dr. Sam Smith, President Emeritus WA State University, HECB; Dr. Mark Milliron, Deputy Director of Post-Secondary Education, Bill and Melinda Gates Foundation; Randy Dorn, Superintendent, OSPI; Randy Spaulding, HECB; John Wheeler, Washington Student Association; Cable Green, SBCTC.

OTHER: Margaret Shepherd, UW; Bill Lyne, United Faculty of Washington State.

Staff Summary of Public Testimony on Recommended First Substitute (Ways & Means): PRO: There is no fiscal impact on this bill. The HECB could make a determination that the state need grant could not be used. WGU was started by Washington State with \$100,000 and is an economical option for thousands of individuals who do not have access to a higher education due to time or distance limitations. The costs to individuals is \$2,800 to \$2,900 every six months and students have unlimited access to credit hours. The average time to degree completion is 16 months. WGU is the leading sole provider of math and science education certificates in the United States. This bill mimics a similar situation in Indiana, WGU-Indiana. WGU is endorsed by the Gates Foundation; Randy Dorn; the HECB; Sam Smith, former president of Washington State University; and former Health and Human Services Secretary Governor Levitt. Approximately 81 percent of WGU students are from the underserved category. This is a golden opportunity to provide access, especially to those who are underserved. We strongly support quality and affordable baccalaureate degree options. WGU is such a model. There is a flat rate for most programs that is under \$6,000 a year. This is an affordable path for our students to continue their education. An online baccalaureate institution will be a good option for students to balance work, life, and school. SBCTC is already working to establish articulation and transfer agreements with WGU. We are also intrigued with the WGU model which awards prior credit as part of degree

completion. Students are also allowed to progress at their own pace and have strategic use of technology.

CON: Students do not feel that their voices have been heard. Currently 22,000 students who are qualified are unable to receive the state need grant due to funding. Stretching this funding further will decrease access and affordability at our state colleges and universities. We suggest that one year be given to further consider the ramifications of considering WGU as a state university. We do not feel that this is ready to be considered. We have many fiscal concerns about WGU. In 2008 the president of WGU was paid almost \$700,000 and almost half of that amount was due to bonuses and other perks. That does not feel nonprofit, and it is money that is not going into our state. It is unclear which state will benefit from the tuition paid to WGU, and it is not clear which state will benefit from the employment. WGU offers technical assistance, not someone who is actually teaching the course. These are jobs that we need in our state. This seems appealing on the surface but underneath does not offer a panacea. We urge slowing down and changing this to a study so that it can be looked at carefully. There is no benefit, and this will cost the state considerable resources.

OTHER: There continues to be concerns with regard to the potential impact on financial aid. We would like to see some restrictions so that we can meet the needs of those students who are already in Washington. Everything proposed in this bill is provided already. Our faculty currently work very hard to come up with innovative ways of teaching. We understand the implications of getting to more bachelor degrees but we urge considering this carefully.

Persons Testifying (Ways & Means): PRO: Senator Kastama, prime sponsor; Tom Caswell, SBCTC.

CON: Iris Maute-Gibson, Associated Students of Western Washington University; Marsha Riddle Buly, Western Washington University faculty; Matt Manwelle, Central Washington University faculty; Anthony Flinn, Eastern Washington University.

OTHER: Julie Garver, The Evergreen State College, Council of Presidents; Jim Fridley, University of Washington faculty.