
SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair

2019 - 2020 Regular

Bill No: SB 3
Author: Allen & Glazer
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Consultant: Olgalilia Ramirez

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Subject: Office of Higher Education Coordination, Accountability, and Performance

NOTE: This bill has been referred to the Committees on Education and Governmental Organization. A "do pass" motion should include referral to the Committee on Governmental Organization.

SUMMARY

This bill establishes the Office of Higher Education Coordination, Accountability, and Performance, administered by the governing board of the office, as the statewide postsecondary education coordination, oversight and planning entity, outlines its responsibilities, functions and authorities including data collection.

BACKGROUND

Existing law establishes the California Postsecondary Education Commission (CPEC) to be responsible for coordinating public, independent, and private postsecondary education in California and to provide independent policy analysis and recommendations to the Legislature and the Governor on postsecondary education policy. (Education Code § 66900 et. seq.)

Existing law prescribes the Commission composition to include the following 17 members:

1. One representative from each of the following bodies;
 - a) The University of California Regents.
 - b) The California State University Trustees.
 - c) The California Community College Board of Governors.
 - d) The Association of Independent Colleges and Universities.
2. The chair or designee of the Council for Private Postsecondary and Vocational Education.
3. The President or designee of the State Board of Education.

4. Nine representatives of the general public, with three appointed by the Governor, three by the Senate Rules Committee, and three by the speaker of the Assembly.
5. Two student representatives. (EC § 66901)

ANALYSIS

This bill:

- 1) Establishes the Office of Higher Education Coordination, Accountability, and Performance for purposes of statewide postsecondary education planning, oversight, data collection, and coordination.

Composition of the Governing board

- 2) Provides that the office be administered by a five member governing board who have relevant expertise in higher education in areas pertaining to student support, college and career pathways, consumer outreach, policy, research, planning or development. The composition of the governing board includes:
 - a) Three members appointed by the Governor, subject to confirmation by two-thirds of the Senate.
 - b) One member appointed by the Senate Rules Committee.
 - c) One member appointed by the Speaker of the Assembly.
- 3) Prohibits a person who is employed by any public or private postsecondary educational institution from serving on the board, except for certain part-time employees.
- 4) Requires that the terms of a board member be four years, except for a board member initially appointed by the Governor who will serve six year-terms. This bill authorizes reappointment of additional terms.
- 5) Requires that the board select a chair from among its members.

State Higher Education Executive Officer

- 6) Requires that the board appoint a state higher education executive officer by an affirmative vote of two-thirds, as specified.
- 7) Provides that the state higher education executive officer appoint persons to staff positions authorized by the board.
- 8) Authorizes the delegation of authority by the board to the state higher education executive officer to act on board's behalf.

Advisory Board

- 9) Requires that the board establish an advisory body to give recommendations to the board on issues before the board. The composition of the 11-member advisory body includes:
- a) A representative of each of the public higher education segments, the Regents of the University of California, Trustees of the California State University and Board of Governors of the California Community Colleges appointed by their respective governing boards.
 - b) One representative of the specified non-profit independent colleges and universities appointed by the Governor from a list submitted by an association of these colleges and universities.
 - c) The bureau chief, or designee, of the Bureau of Private Postsecondary Education.
 - d) The president of the State Board of Education or designee as specified.
 - e) Three faculty members from each of the public higher education segments appointed by the Governor from a list submitted by their respective Academic Senates.
 - f) Two student representatives from a California postsecondary institution as specified, appointed by the Governor from a list submitted by the applicable statewide student association.

Functions and Responsibilities of the Office

- 10) Provides that the office have the following functions and responsibilities:
- a) Advise the Legislature and the Governor regarding the need for, and location of, new institution and campuses of public higher education.
 - b) Review legislative and budget proposals by public higher education segment for new programs, priorities to guide segments, and coordination between segments, private and independent institutions and make recommendations regarding those proposals to the legislature and Governor.
 - c) Review from public higher education segments proposals for new academic programs at its campuses to the office for review together with supporting materials and documents specified by the office.
 - d) Review all proposals for changes in eligibility pools for admission to higher education segments and their campuses, and make recommendations regarding those proposals and that it periodically conduct eligibility studies.

- e) Periodically provide independent oversight, review and make recommendations regarding individual campus-based programs and initiatives and cross-segmental and interagency programs and initiatives in areas that include, but are not limited to, efficiencies in instructional delivery, financial aid, transfer, and workforce coordination.
- 11) Requires, through its use of information and its analytic capacity, that the office do all of the following:
- a) Inform the identification and periodic revision of state goals and priorities for higher education consistent with the existing goals and metrics outlined in statute by SB 195 (Liu, Chapter 367, Statutes of 2013) and in the 2013-14 and 2014-15 Budget Acts, and that it biennially evaluate both statewide and regional performance in relation to these goals and priorities.
 - b) Biennially set performance targets, in consultation with the public higher education segments, for enrollment, degree and certificate completion statewide and by region.
 - c) Periodically measure the supply and demand of jobs in fields of study statewide and by region, as specified.
 - d) Periodically review statewide and regional gaps of higher education admission, enrollment and success by race ethnicity, gender, socioeconomic status, and additional categories of students, as determined by the office.
 - e) Provide, on its internet website, comparative information to help students and their families make informed decisions regarding academic programs offered by public and private postsecondary educational institutions in the state.

Data Collection

- 12) Authorizes the office to require public higher education segments to submit data to the office on plans, programs, costs, admission, enrollments, retention, plant capacities, and other matters pertinent to effective planning, policy development, articulation, and coordination and requires the office to furnish information concerning these matters to the Governor and Legislature upon request.
- 13) Requires public higher education segments to provide student data to the office in a manner and format prescribed by the office for purposes of establishing a P-20 longitudinal statewide data system.
- 14) Requires the Labor and Workforce Development Agency to provide wage record and workforce program data to the office for the specified students.
- 15) Requires public higher education segments and the Labor and Workforce Development Agency provide new data every six months for purposes of this bill.

- 16) Requires the office make recommendations to the Legislature and the Governor on standardizing definitions and data collection across the state's preschool through grade 12 system and public higher education segments.
- 17) Authorizes public higher education segments and the Labor and Workforce Development Agency to disclose data only to the extent permitted by state and federal privacy laws.

Legislative intent

- 18) Declares the Legislature's intent that the office:
 - a) Promote integration, planning oversight and coordination of postsecondary education in the state.
 - b) Ensure the effective use of public higher education resources.
 - c) Develop and maintain data capable of tracking a pupil's academic progress as the pupil matriculates into a higher education institution and workforce and that this data be stored and used in a preschool through higher education longitudinal statewide data system.
 - d) Be responsible for coordinating public independent and private nonprofit and for-profit higher education in this state.
 - e) Be responsible for providing effective oversight of private for-profit postsecondary educational institutions and student and public protections against fraudulent or substandard postsecondary academic programs or degrees.

STAFF COMMENTS

- 1) **Need for the bill.** According to the author, "with the absence of a coordinating body, there is no clear articulation around specific entity charged with leading the conversation and steward a public agenda. In order for the state to improve student success, access and align degrees and credentials with economic and workforce development needs, a clear higher education agenda is necessary." This bill seeks to establish the Office of Higher Education Coordination, Accountability and Performance, to serve as the statewide postsecondary coordination and planning agency to steward the state's higher education agenda.
- 2) **History of California Postsecondary Education Commission (CPEC).** The 1960 Master Plan for Higher Education in California articulated basic state policies on higher education, such as assigning missions to the different higher education segments, specifying eligibility targets and expressing the state's intent that higher education remain accessible, affordable, high-quality and accountable. In addition, the Master Plan created an oversight body, the CPEC tasked with providing fiscal and policy recommendations to the Governor and Legislature; monitoring and coordinating public institutions; and ensuring

comprehensive statewide planning for higher education and effective use of resources.

Although Governor Brown vetoed funding for CPEC in the 2011-12 budget, his veto message acknowledged the well-established need for coordinating and guiding state higher education policy and requested that stakeholders explore alternative ways that these functions could be fulfilled. This bill proposes an alternative.

- 3) **Since the Closure of California Postsecondary Education Commission (CPEC)?** Performance and Accountability. In the absence of a coordinating body, the Legislature and Governor have taken some steps toward developing, supporting and refining greater accountability for higher education. These efforts include the passage and development of agreed upon goals for higher education through the passage of SB 195 (Liu, Chaptered 2014).

SB 195 established statewide goals of improved student access, equity and success, degree/credential alignment with workforce needs, and the efficient/effective use of resources. The 2013-14 and 2014-15 Budget Acts added reporting requirements around specified performance metrics and required the University of California, California State University, and community colleges to set targets around these metrics consistent with the statewide goals outlined by SB 195 (Liu, 2014). However, there has been no clear articulation around specific state goals and no specific entity charged with stewarding a public agenda to guide budget and policy deliberations.

- 4) **Program and campus review.** The CPEC's role in program and campus review was to coordinate the long-range planning of the state's public higher education systems as a means to ensure that they were working together to carry out their individual missions while serving the state's long-range workforce and economic needs. In its oversight report, the Legislative Analyst's Office (LAO) noted that no office or committee has the resources to devote to review of programs to identify long-term costs, alignment with state needs and institutional missions, duplication and priority relative to other demands.

- 5) **Related reports/recommendations.** A number of recent reports have cited the need for an independent body to steward a public agenda for higher education. These include the following:

- a) *Improving Higher Education Oversight (LAO January 2012)* – In this report the Legislative Analyst's Office (LAO) raised concerns that in the wake of CPEC's closure, the future of higher education oversight was unclear and noted that while the public segments had stepped in to assume some roles previously performed by CPEC, expressed concerns about how institutional and public interests would be balanced. The LAO also noted that while CPEC's performance had been problematic, several important functions performed by the commission had been lost. Among other things, the LAO recommended the Legislature re-establish an independent oversight body and increase the body's independence from the public higher education segments, assign the body with limited and

clear responsibilities, and develop a more unified governing board appointment process.

- b) *The Case for a Statewide Higher Education Coordinating Entity (California Competes, March 2019)* - This report notes that in the absence of coordination, each of California's public higher education segments function in siloes. Consequently, the state lacks a centralized authority for statewide goal-setting, comprehensive strategic planning and mechanisms to smooth students' progress through and between systems. The report opined that California needs an independent, statewide coordinating entity to uphold a public agenda for higher education that links the needs of the state's economy to experiences and outcomes of California's students. It also asserted that the composition of the coordinating entity is critical to its credibility and its success; to maintain independence, representatives from the segments should play an advisory rather than a decisionmaking role in its governance.
 - c) *Coordinating California's Higher Education System (Public Policy Institute of California, March 2019)* - The report discusses the qualities that shape an effective coordinating entity. It notes that setting clear and measurable goals as a key function. Specifically, in areas of University of California and California State University eligibility, enrollment planning at the regional level to meet supply and demand as well as setting goals for funding, tuition and financial aid. The report also stresses the importance of the entity maintaining its independence from the segments.
 - d) *Coordinating Higher Education in California (Campaign for College Opportunity, March 2019)* - The report provides an analysis of lessons learned and best practices from other states as it relates to governance structures and duties for higher education coordinating bodies. Among its many findings, the report highlights the need for a chief executive to carryout day-to-day operations and provide guidance during the decision-making process. It notes the political significance of having this individual be appointed by and serve at the pleasure of the body and the importance the chief executive be viewed as a high-stature position commensurate with the leadership of each of the systems. The report concludes by asserting that a higher education coordinating entity with the proper authority and staff capacity will be best positioned to provide appropriate leadership and promote the continued prosperity of California residents.
- 6) ***How is the office different than CPEC?*** This bill focuses the Office functions to monitoring performance and accountability, program and new campus review, data sharing, degree and workforce coordination, setting performance targets and review of state goals, and independent policy analysis and advising. The governing board make-up is restructured to focus on a public agenda with public members appointed by the Legislature and Governor, and the postsecondary education segments representatives, faculty and students participate in the Commission activities in an advisory capacity.

Notwithstanding the need for a higher education coordinating body that is independent of the postsecondary education segments and the need to focus on a public agenda, the higher education segments do play a critical role in informing and advising on the development of policy around performance, accountability, and data. Can the role of the segments as an advisory body be strengthened without compromising the body's independence?

- 7) **Amendments.** Staff recommends and the author agrees with the following amendments to be adopted when this bill is heard by the Governance and Finance committee:
- Require, on or before July 1, 2025, the Legislative Analyst's Office review and report to the Legislature regarding the performance of the office in fulfilling its functions and responsibilities as outlined in the bill.
 - Require, on or before January 31 of each year, the office report to the Legislature and the Governor regarding its progress in achieving the objectives and responsibilities outlined in the bill.
 - Require the office to make cross-segmental data aggregation analyses available to public higher education segments.
 - 66914 e(1) ~~Inform the identification~~ Identify and periodic revise ~~revision~~ of state goals and performance measures of higher education in a manner that aligns with the goals for California's postsecondary education system described in Section 66010.91, and takes into consideration the performance measures described in Sections 89295 and 92675. It shall, biennially, interpret and evaluate both statewide and regional performance in relation to those goals and performance measures.
- 8) **Related and prior legislation.**
- a) SB 2 (Glazer, 2019) establish the Statewide Longitudinal Student Database to collect and store data regarding individual students as they matriculate through P-20, as defined, and into the workforce.
 - b) Several bills have been introduced in an effort to improve higher education performance and accountability, and to re-establish California Postsecondary Education Commission's (CPEC) most important functions. These include the following:
 - i) AB 130 (Low, 2019) would establish the Higher Education Performance and Accountability Commission composed of 6 public members with experience in postsecondary education, appointed as the statewide postsecondary education coordination and planning entity. AB 130 would require the commission to develop an independent annually report on the condition of higher education in California and would establish other functions and responsibilities of the commission, which would include specified advisory duties and acting as a clearinghouse for postsecondary education

information. AB 130 is scheduled to be heard in Assembly Higher Education Committee on April 2, 2019.

- ii) AB 217 (Low, 2017) would have established the Office of Higher Education Performance and Accountability as the statewide postsecondary coordination and planning agency, outlines its responsibilities, functions and authorities, and establishes an advisory board to the office.
- iii) AB 1837 (Low, 2016) mostly identical to AB 217. AB 137 was held in the Senate Appropriations Committee.
- iv) SB 42 (Liu, 2015), in its final form, was essentially identical to AB 1837. Although SB 42 was heard and passed by both houses, it was ultimately vetoed by the Governor, whose message read, in pertinent part:

“While there is much work to be done to improve higher education, I am not convinced we need a new office and an advisory board, especially of the kind this bill proposes, to get the job done.”

- v) SB 1196 (Liu, 2014) would have established a process for setting specific educational attainment goals for the State. SB 1196 was held in the Assembly Appropriations Committee.
- vi) AB 1348 (John A. Pérez, 2014) which would have established the California Higher Education Authority, its governing board and its responsibilities, as specified, phased-in over a three-year period. AB 1348 was held in the Senate Appropriations Committee.
- vii) SB 1022 (Huff, Chaptered 394, Statutes of 2014) requires the California State University and requests the University of California to provide labor market outcome data on their graduates.
- viii) AB 2190 (John A. Pérez, 2012) would have established a new state oversight and coordinating body for higher education. AB 2190 was held in the Assembly Appropriations Committee.
- ix) SB 721 (Lowenthal, 2012) would have established statewide goals for guiding budget and policy decisions. SB 721 was ultimately vetoed.
- x) SB 1138 (Liu, 2011-12) would have established a central data management system for the higher education segments. SB 1138 was held in the Senate Appropriations Committee.
- xi) AB 2 (Portantino, 2011) and AB 218 (Portantino, 2009) essentially identical bills, required that the state to establish an accountability framework to biennially assess and report on the collective progress of the state's system of postsecondary education in

meeting specified educational and economic goals. Both bills were heard and passed by this Committee and were subsequently held in the Senate Appropriations Committee.

SUPPORT

California Competes
Campaign for College Opportunity
Public Advocates Inc.
The Education Trust - West
University Of California Student Association

OPPOSITION

None received

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