

Date of Hearing: March 14, 2017

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 217 (Low) – As Introduced January 24, 2017

SUBJECT: Postsecondary education: Office of Higher Education Performance and Accountability

SUMMARY: Establishes, until January 1, 2022, the Office of Higher Education Performance and Accountability (OHEPA) to provide statewide postsecondary education planning and coordination. Specifically, **this bill:**

- 1) Establishes OHEPA as the statewide postsecondary education coordination and planning entity within the Governor's office, under the direct control of an Executive Director (Director), to be appointed by the Governor and subject to Senate confirmation.
- 2) Provides that the Director is responsible for all duties, powers, and responsibilities vested in OHEPA, including contracting for relevant professional or consultant services. The Director is required to appoint any staff positions authorized by the Governor.
- 3) Establishes an advisory board to OHEPA, subject to open meetings requirements and required to meet at least quarterly, for the purpose of reviewing and commenting on any recommendations made by OHEPA to the Governor and the Legislature. The board is to develop an annual report on the condition of California higher education and issue an annual performance review of the Director. Establishes advisory board members, as follows, who shall serve without compensation, except reimbursement for expenses:
 - a) Three members with experience in postsecondary education appointed by the Senate Committee on Rules;
 - b) Three members with experience in postsecondary education appointed by the Speaker of the Assembly; and,
 - c) The chair of the Senate Committee on Education and the chair of the Assembly Committee on Higher Education to serve as ex officio members.
- 4) Requires OHEPA to actively seek input from and consult with the advisory board and higher education segments and stakeholders, as appropriate, in the conduct of its duties and responsibilities.
- 5) Establishes OHEPA for the purpose of advising the Governor, the Legislature and other appropriate government officials and institutions of postsecondary education, and specifically requires OHEPA to conduct all of the following:
 - a) Inform the identification and periodic revision of state goals and priorities for higher education in a manner that is consistent with the goals, taking into consideration the metrics, outlined in existing law. OHEPA is required to biennially interpret and evaluate both statewide and institutional performance in relation to these goals and priorities.

- b) Review and make recommendations, as necessary, regarding cross-segmental and interagency initiatives and programs in areas that may include efficiencies and instructional delivery, financial aid, transfer, and workforce coordination.
 - c) Advise the Legislature and the Governor regarding the need for, and location of, new institutions and campuses of public higher education.
 - d) Review proposals by the public segments for new programs, including the priorities that guide these proposals and the degree of coordination with nearby public, independent, and private postsecondary educational institutions, and make recommendations regarding such proposals to the Legislature and the Governor.
 - e) Act as a clearinghouse for postsecondary education information and as a primary source of information for the Legislature, the Governor, and other agencies, and develop and maintain a comprehensive database, as specified.
 - f) Review proposals for changes in eligibility pools for admission to public institutions and segments of postsecondary education, and make recommendations to the Legislature, the Governor, and institutions of postsecondary education, and periodically study the percentages of California public high school graduates estimated to be eligible for admission to the California State University (CSU) and the University of California (UC).
 - g) Manage data systems and maintain programmatic, policy, and fiscal expertise to receive and aggregate information reported by the state's institutions of higher education in this state; and,
 - h) Report to the Legislature and the Governor, by December 31 of each year, regarding its progress in achieving the aforementioned objectives and responsibilities.
- 6) Requires the Legislative Analyst's Office (LAO), by January 1, 2021, to review and report to the Legislature regarding the performance of the office in fulfilling its functions and responsibilities.

EXISTING LAW: Establishes the California Postsecondary Education Commission (CPEC) composed of 17 members representing the higher education segments, the State Board of Education, and nine representatives appointed by the Governor, Senate Rules Committee, and Assembly Speaker to coordinate public, independent, and private postsecondary education in California. (Education Code Section 66900 et. seq.)

FISCAL EFFECT: The Assembly Appropriations Committee identified the following costs for an almost identical bill in 2016:

- 1) In its last full year of operation, California Postsecondary Education Commission's (CPEC's) General Fund operating budget was \$1.9 million for the equivalent of 18 positions. The new office established in this bill would likely have a somewhat smaller budget. In addition, the office would incur one-time information technology costs and other start-up costs in the low hundreds of thousands of dollar.

- 2) The three public higher education segments will incur the following costs to work with the new office and to respond to data requests:
 - a) UC: Ongoing costs of \$50,000 for one-half position.
 - b) CSU: Ongoing costs of \$110,000 for one position.
 - c) CCC: Estimates ongoing costs of up to \$440,000 for four positions, based on prior workload demands involving CPEC.

COMMENTS:

CPEC was established to coordinate postsecondary education in California and to provide independent policy analyses and recommendations to the Legislature and the Governor on postsecondary education issues. However, CPEC's budget and responsibilities were reduced over time, casting doubt on its effectiveness and triggering calls for its restructuring. In the 2011-12 Budget Act, Governor Brown vetoed funding for CPEC citing the agency's ineffectiveness in higher education oversight. In his veto message, the Governor acknowledged the well-established need for coordinating and guiding state higher education policy and requested that stakeholders explore alternative ways these functions could be fulfilled. CPEC shut down in fall 2011, transferring its federal Teacher Quality Improvement grant program to the California Department of Education (CDE) and extensive data resources to the California Community Colleges (CCC) Chancellor's Office. There is currently no coordinating entity for higher education in California.

Post CPEC. Statewide higher education goals and objectives have been considered by the Legislature for over a decade; in recent years, despite the absence of CPEC, some progress has been made on this front. The 2013-14 Budget Act education trailer bill (AB 94, Chapter 50) required UC and CSU to report annually on specified performance measures, in order to inform budget and policy decisions and promote effective and efficient use of resources. SB 195 (Liu), Chapter 367, Statutes of 2013, established general statewide goals for higher education, and legislative intent to identify specific metrics for measuring progress toward statewide goals. The 2014-15 Budget Act (SB 852, Chapter 25) required UC and CSU to approve three-year "sustainability plans" that use funding projections to establish projections of enrollment and the university's goals for the performance measures that are required to be adopted pursuant to AB 94; this requirement was continued in the 2015-16 and 2016-17 Budget Acts. CCCs were required, pursuant to the 2014-15 Budget higher education trailer bill (SB 860, Chapter 34), to adopt goals and targets for student performance by June 30, 2015, and to establish and report on Student Equity Plans designed to ensure equal educational opportunities and to promote student success for all students.

Purpose. According to the author, "this bill represents the next necessary step in establishing greater clarity and accountability for our higher education system's performance in meeting the statewide goals outlined in the Master Plan of equity, access, and success; alignment with workforce needs; and the effective and efficient use of resources. This bill establishes OHEPA as the statewide postsecondary coordination and planning entity, outlines its responsibilities, functions and authorities, and establishes an advisory board to the office (comprised of legislative appointees) to examine and make recommendations regarding its functions and operations, and to review and comment on the office's recommendations to the Governor and Legislature."

Others Recommend Reestablishing State Coordination. A number of reports have been issued in recent years that recommend various approaches to reestablishing higher education oversight and coordination in California. In 2012, the LAO's report, *"Improving Higher Education Oversight"* recommended that the Legislature establish an 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. In 2014, California Competes, in *"Chartering a Course for California's Colleges: State Leadership in Higher Education"*, also highlighted the importance of impartiality and independence from the higher education segments. The Institute for Higher Education Leadership and Policy, in March of 2014, issued *"A New Vision for California Higher Education: A Model Public Agenda"*, which noted that policy leadership could be best filled by regional consortia that set goals and targets working in coordination with an executive branch entity (such as a Higher Education Office) that reported to the Governor with respect to finance and accountability.

Related Legislation. AB 1038 (Bonta), pending referral, establishes a Blue Ribbon Commission on Public Postsecondary Education to provide research and recommendations regarding California higher education.

Prior Legislation:

- a) AB 1837 (Low, 2016) which was almost identical to this bill, was held on Suspense in Senate Appropriations.
- b) AB 2434 (Bonta, 2016), which was substantially similar to AB 1038, was held on Suspense in Assembly Appropriations.
- c) SB 42 (Liu, 2015), which was substantially similar to this measure, was vetoed, with the Governor stating, in 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."
- d) AB 1348 (John A. Pérez, 2014), which established the California Higher Education Authority, its governing board and its responsibilities, was held on Suspense in Senate Appropriations.
- e) AB 2190 (John A. Pérez, 2012), which established a new state oversight and coordinating body for higher education, was held on Suspense in Assembly Appropriations.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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