

Date of Hearing: April 17, 2012

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Marty Block, Chair

AB 2190 (John Perez) – As Amended: March 29, 2012

SUBJECT: Postsecondary education: California Higher Education Authority.

SUMMARY: Establishes the California Higher Education Authority, its governing board and its responsibilities. Specifically, this bill:

- 1) Establishes the California Higher Education Authority (Authority) to be governed by a 13-member board of directors as follows:
 - a) Nine representatives of the general public, excluding employees and governing board members of a California postsecondary education institution, appointed to staggered six-year terms, as follows:
 - i) Three members appointed by the Governor subject to confirmation by a majority of the membership of the Senate.
 - ii) Three members appointed by the Speaker of the Assembly.
 - iii) Three members appointed by the Senate Committee on Rules.
 - b) Four student representatives, as specified, appointed for one-year terms, commencing on July 1, 2013.
- 2) States the intent of the Legislature that the appointment process of the first members of the board of directors be completed before July 1, 2013.
- 3) Provides the board of directors with actual and necessary travel expenses and one hundred dollars (\$100) for each day he or she is attending to the official business of the authority.
- 4) Authorizes the board of directors to elect a chairperson from its membership and to enter into agreements with any public or private agency, officer, person, institution, corporation, association, or foundation for the performance of acts or for the furnishing of services, facilities, materials, goods, supplies, or equipment.
- 5) Requires the board of directors to appoint an executive officer of the authority, who shall serve at the pleasure of the board of directors and is authorized to appoint additional staff of the authority as necessary.
- 6) Grants the Authority the following responsibilities:
 - a) Developing, presenting, and monitoring postsecondary education goals for the state, including, but not necessarily limited to, monitoring and reporting on the progress of the postsecondary segments toward their long-term goals.

- b) Measuring and reporting on the efficiency and effectiveness of the postsecondary education segments in serving the state's needs.
- c) Making recommendations about how to improve the performance of the postsecondary education segments.
- d) Pursuing an integrated approach to the state's overall postsecondary education policy by including private postsecondary education within the Authority's jurisdiction.
- e) Exercising an oversight and advisory role in postsecondary education capital outlay decisions.
- f) Developing information in order to assist state and local policymakers and consumers in making cost-effective investments in postsecondary education and training to meet the long-term goals of a strong state economy and vibrant communities.
- g) Developing and recommending strategic finance policy to the Governor and the Legislature on topics including, but not necessarily limited to, the allocation of state appropriations among the postsecondary education segments, student fee policy, and student financial aid.
- h) Developing and presenting basic policy parameters for capacity development or realignment, including, but not necessarily limited to, expansion or realignment of enrollment capacity among or within the postsecondary education segments, to meet the state's higher education goals.
- i) Reviewing and making recommendations to the Governor and the Legislature relating to major capacity decisions, such as changes in mission or the establishment of new campuses or centers, that are to be financed with state appropriations or state-approved student fees.
- j) Acting as a clearinghouse for postsecondary education information and as a primary source of information for the Legislature, the Governor, and other agencies, and developing and maintaining a comprehensive database that does all of the following:
 - i) Ensures comparability of data from diverse sources.
 - ii) Supports longitudinal studies of individual students as they progress through the state's postsecondary educational institutions, as specified.
 - iii) Is compatible with the California School Information System and the student information systems developed and maintained by the public segments of higher education, as appropriate.
 - iv) Provides Internet access to data, as appropriate, to the sectors of higher education.
 - v) Provides each of the postsecondary educational segments access to the data made available to the Authority for purposes of the database, in order to support, most

- efficiently and effectively, statewide, segmental, and individual campus educational research information needs.
- vi) Complies with the federal Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Sec. 1232g) relating to the disclosure of personally identifiable information concerning students and does not make available any personally identifiable information received from a postsecondary educational institution concerning students for any regulatory purpose unless the institution has authorized the Authority to provide that information on behalf of the institution.
 - vii) Provides 30-day notification to the chairpersons of the appropriate legislative policy and budget committees of the Legislature, to the Director of Finance, and to the Governor before making any significant changes to the student information contained in the database.
- 7) Transfers to the Authority, on or after July 1, 2013, data management responsibilities granted to the former California Postsecondary Education Commission (CPEC), as specified in existing law, and authorizes the Authority to disclose or dispose of data it receives or maintains under this section only as specifically authorized to do so in existing law, as specified.
- 8) Allows the authority to require the governing boards and the institutions of public postsecondary education to submit data on plans and programs, costs, selection and retention of students, enrollments, plant capacities, and other matters pertinent to effective planning, policy development, and articulation and coordination, and shall furnish information concerning these matters to the Governor and to the Legislature as requested by them.

FISCAL EFFECT: Unknown

COMMENTS: Background. Existing law establishes CPEC to be responsible for coordinating public, independent, and private 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. The Budget Act of 2011 deleted funding and personnel from CPEC and asked the Legislative Analyst's Office (LAO) to make recommendations on the structure and duties of a statewide higher education coordinating body for California. 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.

Need for this bill. According to the author, "Coordination, oversight and accountability in higher education are key to ensuring that taxpayer dollars are being utilized in the most efficient and effective manner possible and that students are progressing toward their educational goals without encountering unnecessary barriers. Without CPEC, the State of California is left without a steward for the public interest with respects to California higher education. In addition, in CPEC's absence there is no state entity to address the multitude of issues raised by the Legislative Analyst in their various reports." This bill is based on the LAO's recommendations (January 2012) as requested in the budget act.

Why is coordination important? A coordinated approach can help policymakers consider the higher education system as a whole and develop policies and budgets that maximize the system's value to the state, which becomes increasingly critical in times of limited resources. If the segments' activities are complementary and they operate as an integrated system in which each part adds value that is unique to its role, then their combined efforts may produce more than what the institutions can achieve independently. Examples of coordinated activities include easing the transfer process, regional planning to ensure local needs are met, and joint degrees to take advantage of the unique strengths of each system.

Rethinking the role of coordination. Beginning with the 1960 Master Plan for Higher Education, coordination has been viewed as a critical function. While its coordinating entity evolved over time and numerous Master Plan reviews, California's approach to coordination has been indirect, relying mostly on well-defined missions and eligibility pools to guide the development of higher education institutions. This approach worked well during several decades of expansion, but its effectiveness has declined over the last several decades, leaving institutions to pursue their unique interests with insufficient mechanisms to advance the state's priorities. As a result, researchers have called for realigning the functions of coordinating bodies and provided testimony before the Legislature on several occasions, including before the Joint Committee on the Master Plan in 2010 and before a joint hearing of the Assembly Higher Education Committee and Budget Subcommittee on Education Finance on February 22, 2012. In its January 2010 and January 2012 reports, LAO recommended California's coordinating body focus on the following:

- 1) Defining statewide goals and using them as a framework for accountability.
- 2) Strengthening coordination, as follows:
 - a) Align funding formulas with state goals,
 - b) Simplify articulation and transfer,
 - c) Improve oversight of major policy decisions,
 - d) Reform program approval process, and,
 - e) Consider regional coordination.
- 3) Rebuilding state policy leadership capacity, as follows:
 - a) Ensure the coordinating body's independence from the executive and legislative branches and higher education segments,
 - b) Revise the appointment process for the coordinating body's governing board,
 - c) Assign clear responsibility for shepherding the public agenda, and,
 - d) Create a more comprehensive statewide student database.

Efforts to establish state goals. There have been several legislative attempts to develop statewide goals. Current efforts include SB 721 (Lowenthal), to be heard in this Committee in June, which would establish statewide goals for guiding budget and policy decisions in higher education, require the LAO to convene a working group, as specified, to develop and recommend specific metrics for measuring progress toward these goals, and require the LAO, beginning in 2014 and as part of the annual budget process, to annually report on and present an assessment of progress toward the statewide goals and recommendations for legislative action. In addition, AB 2

(Portantino, 2011), which is pending on the Senate Appropriations Suspense File, would establish an accountability framework.

Concerns over data storage. CPEC maintained significant independent student records from the public higher education segments, dating as far back as 1992 and linked across the segments via a unique student identifier. CCC is currently housing this database; however, federal privacy officials believe this arrangement does not comply with federal privacy laws unless CCC is designated a statewide education authority with assigned responsibility for data collection and program evaluation. Such designation would likely require a statutory change. Further, under the current arrangement access to the data is limited, since each segment has control over access to its own student records contained within the database. Thus, it does not appear that the current database storage is a long-term solution, and a robust, useable database is critical in order to track the state's progress in meeting its education goals. SB 1138 (Liu), pending in the Senate Education Committee, would require, on and after January 1, 2013, that the State Department of Education, in coordination with the State Board of Education, succeed to the data management responsibilities of CPEC with respect to the comprehensive database referenced above, as specified.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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