

Date of Hearing: August 14, 2013

ASSEMBLY COMMITTEE ON HIGHER EDUCATION  
Das Williams, Chair  
SB 195 (Liu) – As Amended: May 24, 2013

SENATE VOTE: 30-8

SUBJECT: California postsecondary education: state goals.

SUMMARY: Requires the Governor to appoint an appropriate educational administrative body to convene a working group to identify outcome, progress and effectiveness metrics for California's higher education segments, by January 31, 2014, and declares Legislative intent that the metrics be periodically reported and considered in order to inform policy and budgetary decisions in California. Specifically, this bill:

- 1) Declares Legislative intent that budget and policy decisions regarding postsecondary education generally adhere to goals of improving access and success, better aligning degrees and certificates with workforce and societal needs, and ensuring effective and efficient use of resources.
- 2) Declares Legislative intent that metrics be identified, defined and formally adopted, based upon the recommendations of the working group established pursuant to this bill and that:
  - a) The metrics take into account the distinct missions of each of the postsecondary segments;
  - b) At least six and no more than 12 metrics be developed that can be derived from publicly available data sources for periodically assessing progress;
  - c) The metrics be disaggregated and reported by gender, race or ethnicity, income, age group, and full-time or part-time enrollment status, where appropriate and applicable; and
  - d) The metrics be used for purposes of Cal Grant reporting by participating institutions.
- 3) Declares Legislative intent to promote progress on statewide educational and economic policy goals through budget and policy decisions regarding postsecondary education and that the metrics be reported and considered as part of the annual State Budget process.
- 4) Requires the Governor to appoint an appropriate educational administrative body to convene a working group to assist with the development of the aforementioned metrics, and requires the working group to include:
  - a) One representative from each of the postsecondary education segments and a representative of the State Department of Education. Specifies that the representative of the independent institutions of higher education shall be from the organization representing the largest number of independent institutions. Specifies that the representative of the private postsecondary educational institutions shall be the Chief of the Bureau for Private Postsecondary Education, or the chief's designee.

- b) One representative of the Department of Finance.
  - c) At least one member, but no more than three members, with expertise in similar state accountability efforts, who is not a regular employee of a postsecondary education segment.
  - d) A representative of the Legislative Analyst's Office.
- 5) Requires the working group to develop and identify outcome metrics, progress metrics, and efficiency and effectiveness metrics. At a minimum, the working group must ensure that the metrics provide a means of measuring performance and improvement in the following areas:
- a) Graduation rates.
  - b) Transfer rates.
  - c) The number of graduates.
  - d) The number of transfers.
  - e) Degree completion of all students.
  - f) Degree completion of low income students.
  - g) Enrollment and success in, and beyond, remedial instruction.
  - h) Retention rates.
  - i) Course completions.
  - j) Total funding per degree or certificate.
  - k) Degree production relative to the state's workforce and economic needs.
- 6) Authorizes the appropriate educational administrative body, as determined by the Governor, to request input from any agency that maintains data that would be helpful in developing the metrics and assessing progress toward achieving the aforementioned goals.
- 7) Requires the appropriate educational administrative body, as determined by the Governor, in consultation with the Department of Finance and the Legislative Analyst's Office, to submit recommended metrics to the appropriate policy committees of the Legislature, the Joint Legislative Budget Committee, and the Governor on or before January 31, 2014.

EXISTING LAW pursuant to the 2013-14 Budget Act trailer bill language contained in AB 94 (Chapter 50, Statutes of 2013) requires, commencing with the 2013-14 academic year, the California State University (CSU) and the University of California (UC) to report by March 1 of each year, on the following performance measures, for the purpose of informing budget and policy decisions and promoting the effective and efficient use of available resources:

- 1) The number of transfer students enrolled annually from the California Community Colleges (CCC), and the percentage of transfer students as a proportion of the total undergraduate student population.
- 2) The number of low-income students enrolled annually and the percentage of low-income students as a proportion of the total student population.
- 3) The systemwide four-year and six-year graduation rates for each cohort of students and, separately, for low-income students.
- 4) The systemwide two-year and three-year transfer graduation rates for each cohort of students and, separately, for each cohort of low-income students.
- 5) The number of degree completions annually, in total and separately for freshman entrants, transfer students, graduate students, and low-income students.
- 6) The percentage of first-year undergraduates who have earned sufficient course credits by the end of their first year of enrollment to indicate they will complete a degree in four years.
- 7) For all students, the total amount of funds received from State General Fund, systemwide tuition and fees, and nonresident tuition and fees and other student fees for the year, divided by the number of degrees awarded that same year.
- 8) For undergraduate students, the total amount of funds received from State General Fund, systemwide tuition and fees, and nonresident tuition and fees and other student fees for the year expended for undergraduate education, divided by the number of undergraduate degrees awarded that same year.
- 9) The average number of course credits accumulated by students at the time they complete their degrees, disaggregated by freshman entrants and transfers.
- 10) The number of degree completions in science, technology, engineering, and mathematics (STEM) fields, disaggregated by undergraduate students, graduate students, and low-income students.

**FISCAL EFFECT:** According to the Senate Appropriations Committee, the direct fiscal impact of this bill is unknown because this bill assigns primary responsibility for its requirements to an appropriate administrative body of the Governor's choosing. Participation by various entities in the working group will likely result in minor workload increases. Potentially substantial cost pressure, to the extent the metrics change funding priorities.

**COMMENTS:** Purpose of this bill. According to the Author, the goals established by this legislation will be the basis for establishing metrics and targets and for assessing progress in meeting California's educational and workforce needs. The Author notes that the current fiscal climate makes it especially important that California be clear about priorities for the use of the public funding provided to our institutions. According to the Author, "If we are clear about the goals and the measures, we can then be clearer about the budget and policy decisions necessary to support our higher education system in meeting our goals."

Background. The Legislature has been considering statewide higher education goals for over a decade; beginning with a study commissioned by the Senate in 2002 that served as the basis for several legislative efforts (see Previous Legislation below). As part of its recent reports on higher education oversight, the LAO has recommended that the Legislature and the Administration establish a clear public agenda for higher education, including specific and focused statewide goals that could serve as the framework for an accountability system designed to align higher education performance with the state's needs. The most recent Master Plan review, as reflected in ACR 184 (Ruskin), Chapter 163, Statutes of 2010, noted the lack of public policy goals based upon the outcomes required to meet California's needs and found the establishment of statewide goals will enable increased accountability across the entire higher education system and within segments. Most recently, the 2013-14 Budget Act education trailer bill requires CSU and UC to report annually on specified performance measures, in order to inform budget and policy decisions and promote effective and efficient use of resources.

This bill expands upon the Budget Act requirements by establishing a forum to review and improve upon these reported elements, to include recommendations for CCC and private college reporting and outcome measures, and to make recommendations for ongoing evaluation of progress toward achieving outlined goals.

Appropriate educational administrative body. With the 2011 closure of the California Postsecondary Education Commission (CPEC), California lacks a statewide higher education oversight and coordination entity. The duties formerly carried out by CPEC are either no longer being performed or have been transferred to another agency; the federal Teacher Quality Improvement grant program was transferred to the California Department of Education (CDE) and data resources were transferred to the California Community Colleges (CCC) Chancellor's Office.

The Legislative Analyst's Office (LAO) has recommended the state establish higher education oversight that enables policymakers and others to monitor how efficiently and effectively the postsecondary system is serving the state's needs. Specifically, the LAO recommended the creation of a coordinating body that would, among other responsibilities, define statewide goals and establish a framework for accountability. AB 1348 (Pérez), which is pending in the Senate Education Committee, would establish the California Higher Education Authority and assign responsibility for higher education oversight and coordination, including the establishment and monitoring of higher education goals and outcomes.

This bill requires the Governor to appoint an appropriate educational administrative body to convene the working group to assist with the development of metrics.

***In the absence of a clear appropriate educational administrative body to convene the working group, as required under this legislation, should this bill be amended to require the governor to select a designee to convene the working group?***

Outlined areas for measuring performance. This bill requires the working group to establish between six and twelve metrics that measure performance in, at least, eleven outlined areas that cover various aspects of enrollment, retention, graduation, transfer, course and degree completion, funding, and degree production relative to workforce needs. Many of these outlined areas are similar, but not identical, to the performance measures required to be reported by CSU and UC pursuant to the 2013-14 Budget Act trailer bill language. Additionally, these outlined areas do not include data elements currently required to be reported by private postsecondary

educational institutions and some Cal Grant participating institutions, including placement and salary of graduates.

***Should this bill be amended to incorporate a review of the performance measures required to be reported by CSU and UC pursuant to the 2013-14 Budget Act trailer bill language?***

***Should this bill be amended to provide the working group additional flexibility in determining metrics, and to include the potential for discussions surrounding graduate outcome performance measures such as placement and salaries?***

Report date. This bill requires the working group to identify metrics by January 31, 2014. If this bill is signed into law, the bill would provide one month for (1) the Governor to appoint an appropriate educational entity, (2) the educational entity to convene the working group, and (3) the working group to complete its research and provide its recommendations. Committee staff understands that this date is a drafting error; the author intended to provide the working group additional time to conduct the required duties.

***Should this bill be amended to provide the working group until December 1, 2014 to complete its work?***

Private postsecondary education segment. This bill establishes the Chief of the Bureau for Private Postsecondary Education (Bureau) or the Chief's designee as the representative of the private postsecondary educational institutions. It is important to note that the Bureau is responsible for the oversight of private postsecondary educational institutions; the Bureau chief is the regulator, not a representative voice of the institutional perspective. The Bureau's Advisory Committee, however, is comprised of institutional representatives and student advocates.

***Should this bill be amended to require the Bureau Advisory Committee to select an institutional representative of the sector to serve on the working group?***

Previous legislation. There have been numerous prior efforts to establish a higher education accountability structure, including:

SB 721 (Lowenthal, 2012), which was vetoed by the Governor, established statewide goals for guiding budget and policy decisions in higher education, required the Legislative Analyst's Office to convene a working group to develop and recommend specific metrics, and outlined an ongoing reporting process on the progress toward statewide goals. The Governor's veto message read, in part:

Questions about who should measure, what to measure and how to measure what is learned in college are way too important to be delegated to the Legislative Analyst.

AB 1901 (Ruskin), Chapter 201, Statutes of 2010, codified the findings and principles that emerged from the 2010 Review of the Master Plan for Higher Education and declared the Legislature's intent to statutorily outline clear, concise, statewide goals and outcomes for effective implementation of the Master Plan for Higher Education and the expectation of the higher education system as a whole to be accountable for attaining those goals.

AB 2 (Portantino, 2011) and AB 218 (Portantino, 2009), essentially identical bills, required that the state 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 held under submission in the Senate Appropriations Committee.

SB 325 (Scott, 2008), also nearly identical to AB 2 and AB 218, was passed by the Legislature and vetoed by Governor Schwarzenegger. The Governor's veto message read:

While I respect the author's intent to establish a statewide system of accountability for postsecondary education and a framework to assess the collective contribution of California's institutions of higher education toward meeting statewide economic and educational goals, this bill falls short in providing any framework for incentives or consequences that would modify behavior to meet any policy objectives. I believe our public education systems should be held accountable for achieving results, including our higher education segments, and would consider a measure in the future that provides adequate mechanisms that will effectuate tangible gains in student outcomes and operational efficiencies.

SB 1331 (Alpert, 2004) passed by the Legislature and vetoed by Governor Schwarzenegger, would have established a California Postsecondary Education Accountability (CPSEA) structure to provide an annual assessment of how the state is meeting identified statewide public policy goals in higher education.

REGISTERED SUPPORT / OPPOSITION:

Support

Association of Independent California Colleges and Universities  
Long Beach Community College District

Opposition

None on File

Analysis Prepared by: Laura Metune / HIGHER ED. / (916) 319-3960