

Date of Hearing: June 19, 2012

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Marty Block, Chair
SB 721 (Lowenthal) – As Amended: June 12, 2012

SENATE VOTE: 35-0

SUBJECT: California postsecondary education: state goals.

SUMMARY: Establishes statewide goals for guiding policy and budget decisions in higher education and requires the Legislative Analyst's Office (LAO) to convene a working group to develop metrics to measure progress toward those goals. Specifically, this bill:

- 1) States legislative intent that budget and policy decisions regarding higher education generally adhere to the following goals:
 - a) Improve student access, which shall include, but not be limited to, greater participation by demographic groups that have historically participated at lower rates, greater completion rates by all students, and improved outcomes for graduates.
 - b) Better align the types of degrees and credentials with the state's economic, workforce, and civic needs.
 - c) Ensure the effective and efficient use of resources in order to increase high-quality postsecondary educational outcomes and maintain affordability.
- 2) States legislative intent that metrics be identified and defined in order to monitor the achievement of the goals in (1) above that take into account the distinct missions of the different segments of postsecondary education, and to establish interim targets for those metrics be achieved by 2025.
- 3) Requires that metrics toward these goals and any recommended interim targets for those metrics be developed with the assistance of a working group to be convened by the LAO, as follows:
 - a) The working group shall include representatives from the postsecondary education segments, as specified; the California Department of Education; the Department of Finance (DOF); one to three members with expertise in state accountability who are unaffiliated with any of the segments of higher education; and other relevant state agency representatives, as identified by the LAO.
 - b) The working group shall develop at least six and no more than 12 measures derived from publicly available data sources, and requires that these measures be able to be disaggregated and reported by gender, race/ethnicity, income, age group, and full-time/part-time enrollment, where appropriate and applicable.

- c) A report on the recommended metrics to be collected shall be submitted by LAO, in consultation with DOF, and reported to legislative policy and budget committees and the Governor by January 31, 2013.
- 4) Requires the LAO to do the following:
- a) Beginning September 30, 2013, to annually and publicly report statewide performance on each of the measures adopted by the Legislature.
 - b) Beginning January 2014, to annually report and present, as part of the budget hearing process, its own assessment of progress toward the statewide goals and recommendations for legislative action. Specifically, it requires the LAO to:
 - i) Assess the level of progress and outcomes achieved;
 - ii) Identify significant factors that may explain the level of progress/outcomes; and,
 - iii) Identify higher education policy and funding issues suggested by the measures for consideration by the Governor and Legislature.
- 5) States that the segments of postsecondary education shall have the opportunity to annually provide their own assessment of progress toward achieving the goals specified in this bill.
- 6) Defines the segments of postsecondary education, for purposes of the bill, to include the California Community Colleges (CCC), the California State University (CSU), the University of California (UC), the independent institutions of higher education, as defined, and proprietary postsecondary institutions.
- 7) Declares the Legislature's intent to:
- a) Identify, define and formally adopt appropriate metrics, based upon the LAO recommendations, to be used for the purpose of monitoring progress toward the state goals.
 - b) Promote progress toward the goals through budget and policy decisions within higher education.
 - c) Use the reporting system established per this bill's provisions to help ensure the effective and efficient use of state resources available to higher education.

EXISTING LAW:

- 1) Establishes the Donahoe Higher Education Act, which outlines the laws under which postsecondary educational institutions operate in California. (Education Code Title 3, Division 5, Part 40)
- 2) Establishes, within the Donahoe Act, findings and declarations based on the periodic review of the Master Plan for Higher Education by the Legislature and declares the intent of the Legislature to outline in statute, clear, concise, statewide goals and outcomes for effective

implementation of the Master Plan, attuned to the public interest of the people and State of California, and to expect the system as a whole and the higher education segments to be accountable for attaining those goals. Consistent with the spirit of the original master plan and subsequent updates, it is the intent of the Legislature that the governing boards be given ample discretion in implementing policies and programs necessary to attain those goals. (Education Code § 66003)

FISCAL EFFECT: According to the Senate Appropriations Committee, costs are minor and absorbable. However, there could be increased General Fund cost pressure to the extent the metrics change funding priorities.

COMMENTS: Background. According to the Public Policy Institute of California (PPIC), while the demand for workers with a bachelor's degree has grown significantly in recent decades, the share of workers with a college degree has only increased from 28% in 1990 to 34% in 2006. PPIC estimates that, without a dramatic increase in college attendance and graduation, by 2025 only 37% of workers and 35% of all adults in California will have a college degree. Yet, the projected demand for college-educated workers will be equivalent to 41% of California workers. PPIC estimates that California needs to produce almost one million more college educated workers by 2025.

Need for this bill. According to the author, "The current fiscal climate makes it especially important that we be clear about our priorities for the use of the public funding we provide to our institutions. 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." To this end, this bill establishes three statewide goals and a process for measuring how institutions are meeting these goals through specific metrics. The metrics would be developed by a workgroup that includes the institutions, relevant state entities, and national experts in accountability systems, as determined by the LAO.

National perspective. Nationwide, states are struggling with ways to meet the growing workforce skills demand. There is a growing national trend toward state accountability systems for higher education, using different approaches and indicators. Nearly all states have some form of mandated statewide accountability program for higher education. California has relied upon segmental accountability, reflecting the missions and functions outlined in the California Master Plan for Higher Education. None of these efforts combine to measure how California's students perform as a whole nor does California engage in a statewide approach to higher education policy planning.

The National Governors Association, a bipartisan organization of the nation's governors that identifies priority issues and deals collectively with matters of public policy and governance at the state and national levels, recently adopted its "Complete to Compete Initiative" that proposes to:

- 1) Raise national awareness of the need to increase college completion and productivity.
- 2) Create a set of common higher education completion and productivity measures for governors to use to monitor state progress.

- 3) Develop a series of best practices and a list of policy actions governors can take to achieve an increased college completion.
- 4) Provide grants to states to design policies and programs that increase college completion and improve higher education productivity.

California perspective. The Legislature has been considering statewide higher education goals for a decade, beginning with a study commissioned by the Senate in 2002 that served as the basis for several legislative efforts (see Related 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. Finally, the Governor's proposed 2012-13 Budget notes that one significant component of the Administration's long-term plan for higher education involves annual General Fund augmentations contingent upon each institution achieving the Administration's priorities, including improvements in specific accountability metrics such as graduations rates, time to completion, transfer students enrolled, faculty workload, and for community colleges, successful credit and basic skills course completion.

Segmental efforts. Previously, UC and CSU have entered into system-specific "compacts" then "partnerships" with California's governors in an effort to ensure stable multi-year funding in exchange for a commitment to deliver on specific performance measures developed by the segments and the administration. In recent years, each of the segments has undertaken efforts to ensure its ability to meet future student and state needs as follows:

- 1) In 2010, the UC Regents adopted a report by its Commission on the Future to address how UC can maintain access, quality and affordability in a time of diminishing resources.
- 2) In 2009, CSU adopted a ten-year strategic plan—Access to Excellence—that identifies priorities for attention for policymakers and the broad public in order to meet California's educational needs.
- 3) In 2010, The Community College League of California's Commission on the Future issued its "2020 Vision for Student Success." The CCC Board of Governors, pursuant to SB 1143 (Liu), Chapter 409, Statutes of 2010, adopted the recommendations of the Task Force for Student Success. Both efforts identify policy, statutory, and regulatory changes that can promote the success of CCC students.

Author's amendments. The author has agreed to accept the following technical amendments:

Page 3, line 34: (b) Better align ~~the types of~~ degrees and credentials with the state's economic, workforce, and civic needs.

Page 5, line 38: The Legislative Analyst's Office's assessment and recommendations, ~~and along with~~ any assessments of progress programs from the segments of postsecondary education, shall

be provided as part of the budget hearing process.

Related legislation. As noted previously, there have been numerous efforts to establish a higher education accountability structure, including:

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

American Association of University Women
California Community Colleges Chancellor's Office
California State University
Campaign for College Opportunity
University of California

Opposition

None on file.

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