

Date of Hearing: June 25, 2019

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

SB 3 (Allen and Glazer) – As Amended April 11, 2019

SENATE VOTE: 38-0

SUBJECT: Office of Higher Education Coordination, Accountability, and Performance.

SUMMARY: Establishes the Office of Higher Education Coordination, Accountability, and Performance (OHECAP), administered by the governing board of the OHECAP, as the statewide postsecondary education coordination, oversight and planning entity, outlines OHECAP's responsibilities, functions, and authorities, including data collection. Specifically, **this bill:**

- 1) Declares the Legislature's intent that the OHECAP:
 - a) Board members broadly and equitably reflect the diversity of the state, including, but not limited to, the economic and geographic diversity of the state;
 - b) Promote integration, planning oversight and coordination of postsecondary education in the state;
 - c) Ensure the effective use of public higher education resources;
 - d) 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;
 - e) Be responsible for coordinating public independent and private nonprofit and for-profit higher education in this state; and,
 - f) 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.
- 2) Establishes the OHECAP for purposes of statewide postsecondary education planning, oversight, data collection, and coordination.
- 3) Provides that the OHECAP is an independent state entity that advises the Governor, the Legislature, other appropriate government officials or bodies, and postsecondary educational institutions (i.e. the University of California (UC), the California State University (CSU), the California Community Colleges (CCC), and the California Independent Colleges and Universities) on statewide postsecondary education matters.
- 4) Provides that the OHECAP 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.
- 5) Requires the OHECAP governing board include:

- 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; and,
 - c) One member appointed by the Speaker of the Assembly.
- 6) 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.
- 7) Requires that the terms of an OHECAP board member be four years, except for a board member initially appointed by the Governor who will serve six year-terms. This bill also authorizes reappointment of additional terms.
- 8) Requires that the OHECAP board select a chair from among its members.
- 9) Requires that the OHECAP board appoint a state higher education executive officer by an affirmative vote of two-thirds, as specified.
- 10) Provides that the state higher education executive officer appoint persons to staff positions authorized by the OHECAP board.
- 11) Authorizes the delegation of authority by the OHECAP board to the state higher education executive officer to act on the OHECAP board's behalf.
- 12) Requires that the OHECAP board establish an advisory body to give recommendations to the OHECAP board on issues before the OHECAP board.
- 13) Requires the established advisory body, pursuant to (12) above, be an 11-member advisory body that is comprised of the following:
- a) A representative of each of the public higher education segments, the UC Regents, the CSU Trustees, and the CCC Board of Governors as designated 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 for 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; and,

- f) Two student representatives from a California postsecondary institution as specified, appointed by the Governor from a list submitted by the applicable statewide student associations.

14) Provides that the OHECAP have the following functions and responsibilities:

- a) Advise the Legislature and the Governor regarding the need for, and location of, new institutions and campuses of public higher education;
- b) Review legislative and budget proposals by public higher education segments 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 OHECAP 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.

15) Requires, through its use of information and its analytic capacity, that the OHECAP do all of the following:

- a) Identify and periodically revise 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 OHECAP;
- e) Provide, on its 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; and,

- f) Provide cross-segmental data aggregation analyses to the public postsecondary segments.
- 16) Authorizes the OHECAP to require public higher education segments to submit data to the OHECAP on plans, programs, costs, admission, enrollments, retention, plant capacities, and other matters pertinent to effective planning, policy development, articulation, and coordination and requires the OHECAP to furnish information concerning these matters to the Governor and Legislature upon request.
- 17) Requires public higher education segments to provide student data to the office in a manner and format prescribed by the OHECAP for purposes of establishing a P-20 longitudinal statewide data system.
- 18) Requires the Labor and Workforce Development Agency to provide wage record and workforce program data to the OHECAP for the specified students.
- 19) Requires public higher education segments and the Labor and Workforce Development Agency provide new data every six months for purposes of this bill.
- 20) Requires the OHECAP 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.
- 21) Provides that the OHECAP, public higher education segments, and the Labor and Workforce Development Agency may disclose data only to the extent permitted by state and federal privacy laws.
- 22) Requires the OHECAP, on or before January 31 of each year, to report to the Legislature and the Governor on its progress in achieving its functions and responsibilities.
- 23) Requires, on or before July 1, 2025, the Legislative Analyst's Office (LAO) to review and report to the Legislature on the performance of the OHECAP 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: According to the Senate Appropriations Committee, this bill could result in General Fund costs in the low millions annually to maintain the OHECAP once fully operational. There would be additional costs to the segments - UC, CSU, and the CCC, totaling about \$600,000 related to working with the OHECAP and responding to data requests based on workload from the former CPEC.

COMMENTS: *Background on CPEC.* As specified in the "Existing Law" section of this analysis, 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 CCC Chancellor's Office. Currently no coordinating entity for higher education in California exists.

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. The 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 of the measure. According to the author, "With the absence of a coordinating body, there is no clear articulation around specific state goals and no 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 measure establishes the OHECAP to serve as the statewide postsecondary coordination and planning agency to oversee the state's higher education agenda.

To note, the OHECAP will focus on quality program oversight, review and analyze a variety of data including graduation rates, affordability, financial aid, degree and certification completion, transfer, and workforce coordination. The OHECAP is responsible for the review of state goals and priorities of higher education and setting performance targets statewide and regionally. Additionally, the OHECAP will coordinate with the Labor and Workforce Development Agency to create a defined picture of how students are utilizing their degrees and help ensure that our higher education institutions are preparing students for future successes. Lastly, the OHECAP will provide independent policy recommendations to the Legislature and Governor and provide a vision to ensure academic and workforce success for current and future California students.

Need for a statewide higher education coordinating body? According to the March 2019 California Competes report, *The Case for a Statewide Higher Education Coordinating Entity*, California is one of two states without a central organizing body to guide the unique challenges the postsecondary institutions higher education face. The report finds that in the absence of coordination, each of the state's public higher education segments (the CCC, CSU, and UC)

function in siloes. Further, the report finds that the lack of a statewide coordinating body for higher education has resulted in no authority for statewide goal-setting, no comprehensive strategic planning, no longitudinal education data system, and inadequate mechanisms to assist students' progress as they matriculate through and between systems. Additionally, the report contends that, without a coordinating entity:

- 1) California will continue to lag in degree production;
- 2) Planning for the future will continue to be clumsy and inadequate;
- 3) Higher education data systems will remain fragmented and incomplete; and,
- 4) Students will continue to slip through the cracks.

Finally, the report finds 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.

According to the March 2019, Public Policy Institute of California (PPIC) report, *Coordinating California's Higher Education System*, receiving a postsecondary education continues to become increasingly important to California's economy and quality of life. The PPIC report suggests that in order to help state leaders determine how to best design a more effective coordinating body (to note, PPIC contends a coordinating body is definitely needed in this state), it is important to understand the struggles CPEC faced. The report finds that effective coordination must reflect the reality of higher education in the state – the governance challenges, campus and segment incentives, and other factors that influence institutional decisions. Further, the report finds that, several factors reduced CPEC's ability to effectively coordinate the state's higher education system, in part:

- 1) A lack of clear state goals for higher education;
- 2) A lack of a clear mission in CPEC's statutory charter; and,
- 3) It was designed for consensus, not leadership.

Further, the report finds that an effective coordinating body needs to be a part of state government, subject to all state rules and procedures regarding transparency and accountability. Finally, the report finds that the best approach to a new higher education coordinating body is to have such a body that operates independently and advises both the Governor and the Legislature; this would strengthen the Legislature's capacity to address important higher education issues and having an independent entity could provide the Legislature an objective view on current issues and assist in developing solutions to resolving the issues.

Related legislation. AB 130 (Low and Eggman), which is pending the Senate Education Committee, establishes the Higher Education Performance and Accountability Commission (HEPAC) and, in part, specifies that HEPAC is the statewide postsecondary education coordination and planning agency and is an independent state agency.

Prior legislation. Over the course of the past several years, there have been numerous measures proposing to replace CPEC. As seen below, all but one have been held in of the Legislative fiscal committees:

- 1) AB 1936 (Low) of 2018, which was held on Suspense in Assembly Appropriations, is similar in nature to this measure.
- 2) AB 217 (Low) of 2017, which was held on Suspense in Assembly Appropriations, was virtually identical to AB 1936.
- 3) AB 1038 (Bonta) of 2017, which was held on Suspense in Assembly Appropriations, in part, established a Blue Ribbon Commission on Public Postsecondary Education to provide research and recommendations regarding California higher education.
- 4) AB 1837 (Low) 2016, which was held on Suspense in Senate Appropriations, was virtually identical to AB 1936.
- 5) AB 2434 (Bonta) of 2016, which was held on Suspense in Assembly Appropriations, was substantially similar to AB 1038.
- 6) SB 42 (Liu) of 2015, which was substantially similar to this measure, was vetoed, with Governor Brown 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."
- 7) AB 1348 (John A. Pérez) of 2014, which was held on Suspense in Senate Appropriations, established the California Higher Education Authority, its governing board, and its responsibilities.
- 8) AB 2190 (John A. Pérez) of 2012, which was held on Suspense in Assembly Appropriations, established a new state oversight and coordinating body for higher education.

REGISTERED SUPPORT / OPPOSITION:

Support

Academic Senate for California Community Colleges
Campaign for College Opportunity
League of Women Voters of California
Public Advocates Inc.
The Education Trust - West

Opposition

Electronic Frontier Foundation

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