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Legislative Analyst's Office Report on Coordinating Higher Education in California

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On January 28, the Legislative Analyst's Office (LAO) released a report examining the coordination of California postsecondary education. The report notes that while California's system of coordination has served the state well in the past, its effectiveness has declined in recent years. The LAO concludes that the state faces many challenges in maintaining a high-quality higher education system, and that reform of its coordination structure is needed to help meet those challenges.

The primary recommendations in the report are as follows:

- Adopt a clear public agenda for higher education, with specific statewide goals that can serve as the framework for an accountability system designed to align higher education performance with the state's needs.
- Strengthen several mechanisms of coordination, including funding formulas, delineated missions, eligibility standards and enrollment pools for each segment, articulation and transfer mechanisms, approval processes for new programs and sites, and accountability mechanisms.
- Reform the California Postsecondary Education Commission or replace it with a new coordinating body to help create higher education policy leadership for California.

The report raises many important issues about the complexities of coordinating California's vast higher education enterprise, which consists of more than 140 public institutions in three separate segments, over 80 regionally accredited independent institutions, and hundreds more private proprietary and vocational institutions. It makes a number of findings and recommendations that should be considered in the current legislative review of the Master Plan for Higher Education.

Concerns Raised in the Report

The LAO report raises concerns that California's public universities have expanded programs that are not high priorities for the state while restricting undergraduate enrollment. The Commission notes that perspectives vary on state and regional needs and the abilities of campuses to respond to them. Absent a clear, informed, and formally adopted set of state goals, there is little basis upon which to determine what programs are more deserving of public support than others. The Commission believes — as this report highlights — that regional and local collaboration is a valuable mechanism for determining program needs. Faculty and staff in local institutions and their community stakeholders are usually the ones who conceptualize and develop programs based on local needs. None of this lessens the need for state coordination, which will help to assure that competing, and sometimes conflicting, local perspectives are balanced with the needs of all Californians.

The report points to the allocation of funds as one of the key mechanisms by which the state expresses its priorities among programs and services, and suggests that policymakers can create financial incentives to impact institutional behaviors. The Commission believes that finances have had a major impact on segmental behaviors in recent years. As public higher education's proportion of the state general fund has been reduced, these funds have been only partially replaced by revenues from student fees and other sources. The systems have had to streamline their operations to cut ex-

penses; some of the actions they have taken affect admissions decisions, program mix and breadth, and support services. At the same time, the cost of attending college, including public higher education, has spiraled upward for students and their families.

Stabilizing and improving the state's financial commitment to higher education is the most effective incentive the state can provide to assure that segmental and campus decisions align with state goals, once the state establishes those goals. Similarly, a shared understanding of the state's goals for higher education will address many of the LAO's concerns by helping to focus resources on established state priorities. Greater predictability of both resources and expected outcomes will allow the campuses to engage in more effective long-range planning that better achieves state goals for higher education.

The Commission agrees with the LAO's recommendation to develop a comprehensive student data reporting framework that will provide policymakers, education providers, and independent researchers with the information needed to better understand the flow of students from kindergarten into the workplace. Parts of such a system are already in place, with the Commission's unique student identifier system originated under AB 1570 (Chapter 916, Statutes of 1999). The LAO report calls for expanding the Commission's student data system to include items such as course enrollments, financial status, and remedial course taking. This additional information would give educators the information they need to improve performance and policymakers the data they need to gauge the success of various programs and functions. The Commission believes that these additions could enhance its ability to inform higher education policy. We also support a statewide longitudinal data system connecting postsecondary data with pre-K-12 and workforce data. The Commission continues to work with the segments, policymakers, and others to help develop a statewide data system that fully protects the privacy of student records.

LAO's Recommendations

Adopt a clear public agenda for higher education — The Commission strongly supports this goal and has actively worked with policymakers, the segments, and other stakeholders for years on the many issues such an agenda would necessarily encompass. The Legislature's current Joint Committee on the Master Plan provides an excellent opportunity for the state to engage in a process of developing a public agenda for higher education. The Commission encourages the Governor, the Legislature, and others to consult widely with Californians to craft a set of measurable goals for higher education. It is also critical that the state provides the resources needed to achieve those goals.

Strengthen several critical mechanisms of coordination — The Commission has reviewed accountability efforts nationally for several years and concurs with the LAO that there is much to be learned from other states. Some states have made strong efforts to reform higher education and establish clear expectations for their colleges and universities. Such a review and rededication to higher education is essential for California to improve its ability to deliver a 21st-century education to its citizens.

As noted in the LAO report, California differs substantially in its culture, history, diverse communities, and evolution of its education systems from even the most diverse of the states whose reform efforts are described. The goal of informing California's higher education reform effort with the work of other states is for policymakers to understand the lessons learned and best practices available. Policymakers and others can then apply the best of these ideas to California in ways that build on the diversity and commitment to broad-based education laid out in the state's higher education Master Plan.

The Commission's review function is a major coordination tool that could serve the state better if it occurs at earlier stages of proposals for new facilities and programs. In this way, the Commission could more likely assure that local education planning is better informed by our understanding of statewide needs and is appropriately aligned with state policy and fiscal priorities.

Reform the California Postsecondary Education Commission or replace it with a new coordinating body — The Commission believes that it continues to be an effective coordinating and advisory body for policymakers, the higher education segments, and the public. The Commission has often engaged in internal examination and external reviews over its 35-year history and continues to do so. Any process to make major changes in its structure or statutory responsibilities should not hinder its on-going operation. The Commission believes that any changes sought by policymakers can be accommodated within its existing structure. We also believe that any changes should be considered in the context of the state's Master Plan and the current review process underway in the Legislature.

We respectfully disagree with the LAO's suggestion that any real or perceived incompatibility of the Commission's statutory roles creates a need to limit our focus to *either* coordination and planning, including advocating for policies that support higher education, or to serving as an independent fiscal and policy watchdog. Both these roles are important to carrying out the legislative mandate to "ensure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and...promote diversity, innovation, and responsiveness to student and societal needs."

Although the Commission's major role is coordination and planning of higher education, it is not primarily a program audit entity, nor is it designed to judge and limit facility and program proposals that may affect state finances. Rather, the Commission's job is to use data and independent analysis to weigh the benefit of such proposals, and to help policymakers assure that the state's public postsecondary institutions function effectively and in the state's best interest. The Commission believes that helping shape a public agenda for higher education and providing guidance on issues of resource allocation can be balanced with advocacy for the state's commitment to a robust system of colleges and universities.

The Commission does not believe that there is a benefit to concentrating the appointment authority for its members or establishing additional qualifications for commissioners. California is a diverse state with many different constituencies. The authors of the 1973 bill that created the Commission wisely recognized that dispersing appointing authority for members among the executive and legislative branches and the segments assured that no one philosophy, political persuasion, or institutional interest would dominate the Commission. The independence and responsiveness of the Commission also demands that membership not be restricted to those already working in higher education. The Governor, Senate, and Assembly currently appoint members who are civic leaders with the experience and skills needed to shape and advocate statewide higher education policy. They represent the wide breadth of California and not the "insider's game" of education, and they bring to the table fresh ideas and real-world perspectives that Californians demand of public board appointees.