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## SENATE COMMITTEE ON EDUCATION

Senator Carol Liu, Chair  
2015 - 2016 Regular

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**Bill No:** AB 1837  
**Author:** Low  
**Version:** March 17, 2016  
**Urgency:** No  
**Consultant:** Kathleen Chavira  
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**Fiscal:** Yes

**Subject:** Postsecondary education: Office of Higher Education Performance and Accountability

**NOTE:** This bill has been referred to the Committees on Education and Governmental Organization. A “do pass” motion should include referral to the Governmental Organization Committee.

### SUMMARY

This bill establishes the Office of Higher Education Performance and Accountability (OHEPA) as the statewide postsecondary coordination and planning agency, outlines its responsibilities, functions and authorities, and establishes an advisory board to the office (comprised of legislative appointees) to examine and make recommendations regarding its functions and operations, and to review and comment on the office’s recommendations to the Governor and Legislature.

### BACKGROUND

Existing law establishes the California Postsecondary Education Commission (CPEC), a 17 member body representing the higher education segments, the State Board of Education, and nine representatives appointed by the Governor, Senate Rules Committee, and Assembly Speaker, to be responsible for coordinating public, independent, and private postsecondary education in California and to provide independent policy analysis and recommendations to the Legislature and the Governor on postsecondary education policy. (Education Code § 66900, et seq.)

### ANALYSIS

This bill establishes the OHEPA as the statewide postsecondary education planning and coordination entity. It:

- 1) Establishes the OHEPA within the Governor’s Office and:
  - a) Places the OHEPA under the direct control of an Executive Director appointed by the Governor and subject to Senate confirmation.
  - b) Provides that the Executive Director is responsible for all duties, powers, and responsibilities vested in the OHEPA, including contracting for relevant professional or consultant services

- c) Requires the Director to appoint any staff positions authorized by the Governor.
- 2) Establishes an Advisory Board (Board) to the Office of Higher Education Performance and Accountability (OHEPA), and:
- a) Requires that the Board:
    - i) Meet at least quarterly,
    - ii) Be subject to open meeting requirements.
    - iii) Review and comment on any recommendations made by the OHEPA to the Governor and the Legislature.
    - iv) Develop an annual report on the condition of California higher education.
    - v) Issue an annual performance review of the Director.
  - b) Provides that Board members shall serve without compensation, except reimbursement for expenses.
  - c) Prescribes its membership as follows:
    - i) Three members with experience in postsecondary education appointed by the Senate Committee on Rules;
    - ii) Three members with experience in postsecondary education appointed by the Speaker of the Assembly; and,
    - iii) The chair of the Senate Committee on Education and the chair of the Assembly Committee on Higher Education to serve as ex officio members.
- 3) Requires the OHEPA to actively seek input from and consult with the advisory board and higher education segments and stakeholders, as appropriate, in the conduct of its duties and responsibilities.
- 4) Declares that the OHEPA exists for the purpose of advising the Governor, the Legislature and other appropriate government officials and institutions of postsecondary education and outlines its functions and responsibilities. It:
- a) Requires, through its use of information and its analytic capacity, that it inform the identification and periodic revision of 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 institutional performance in relation to these goals and priorities.
  - b) Requires that it review and make recommendations regarding cross-segmental and interagency initiatives and programs in areas that include,

but are not limited to, efficiencies in instructional delivery, financial aid, transfer, and workforce coordination.

- c) Requires that it advise the Legislature and the Governor regarding the need for, and location of, new institutions and campuses of public higher education.
  - d) Requires that it review proposals by the public segments for new programs, as specified, and make recommendations regarding those proposals to the Legislature and the Governor.
  - e) Requires that it act as a clearinghouse for postsecondary education information and as a primary source of information for the Legislature, the Governor, and other agencies.
  - f) Requires that it develop and maintain a comprehensive database that ensures data compatibility, supports longitudinal studies, is compatible with K-12 data systems, provides Internet access to data for the sectors of higher education in order to support statewide, segmental and individual campus educational research needs.
  - g) Requires that it review all proposals for changes in eligibility pools for admission to public institutions and segments of postsecondary education and that it periodically conduct eligibility studies.
  - h) Requires that it manage data systems and maintain programmatic, policy, and fiscal expertise to receive and aggregate information reported by the institutions of higher education in this state.
- 5) Authorizes the Office of Higher Education Performance and Accountability (OHEPA) to require the governing boards and the institutions of public postsecondary education to submit data to the office on plans, programs, costs, student selection and retention, enrollments, and other specified information, and requires the Office to furnish information concerning these matters to the Legislature and Governor as requested by them.
  - 6) Requires the OHEPA to annually report to the Legislature and the Governor regarding its progress in achieving the aforementioned objectives and responsibilities by December 31st of each year.
  - 7) Requires the Legislative Analyst's Office (LAO) to review and report to the Legislature regarding the performance of the OHEPA in fulfilling its functions and responsibilities by January 1, 2020.
  - 8) Sunsets these provisions on January 1, 2021.

## STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, California's education and workforce needs cannot be addressed by any single segment and the state's approach to higher education must become more comprehensive if it is to ensure state-level

workforce needs and priorities are being met. Currently, there is no coordinating entity for higher education in California, as Governor Brown vetoed funding for California Postsecondary Education Commission (CPEC) in the 2011-12 Budget Act, citing the agency's ineffectiveness in higher education oversight.

Numerous reports, including legislative reviews of the Master Plan for Higher Education and more recent reports from higher education experts, have called for California to establish a central higher education body. This central body is an important element of the state's ability to honor its promise of affordable, high quality postsecondary education for all high school graduates and adults who could benefit from instruction offered at California's colleges and universities. Without such an entity, California cannot systematically plan to address the current and future needs of all its students and the overall economy.

This bill represents the next necessary step in establishing greater clarity and accountability for our higher education system's performance in meeting the statewide goals for postsecondary education (SB 195, Liu, Chapter 367, Statutes of 2013) of equity, access, and success; alignment with workforce needs; and the effective and efficient use of resources.

- 2) ***History of CPEC.*** The 1960 Master Plan for Higher Education in California articulated basic state policies on higher education, such as assigning missions to the different higher education segments, specifying eligibility targets and expressing the state's intent that higher education remain accessible, affordable, high-quality and accountable. In addition, the Master Plan created an oversight body, the CPEC tasked with providing fiscal and policy recommendations to the Governor and Legislature; monitoring and coordinating public institutions; and ensuring comprehensive statewide planning for higher education and effective use of resources.

Although the Governor vetoed funding for CPEC in the 2011-12 budget, his veto message acknowledged the well-established need for coordinating and guiding state higher education policy and requested that stakeholders explore alternative ways that these functions could be fulfilled. This bill proposes an alternative.

- 3) ***Since the closure of CPEC?***

- a) ***Performance and Accountability.*** In the absence of a coordinating body, the Legislature and Governor have taken some steps toward developing, supporting and refining greater accountability for higher education. These efforts include the passage and development of agreed upon goals for higher education through the passage of SB 195 (Liu, Chaptered 2014).

SB 195 established statewide goals of improved student access, equity and success, degree/credential alignment with workforce needs, and the efficient/effective use of resources. The 2013-14 and 2014-15 Budget Acts added reporting requirements around specified performance metrics and required the University of California, California State University, and community colleges to set targets around these metrics consistent with the statewide goals outlined by SB 195 (Liu, 2014). However, there has been

no clear articulation around specific state goals and no specific entity charged with stewarding a public agenda to guide budget and policy deliberations.

- b) *Data management.* The California Postsecondary Education Commission (CPEC) was able to obtain and maintain individual student records from the public higher education systems, link this data across the three segments using unique student identifiers, and used this information, as well as other publicly available datasets, to create useful data for the public and to respond to policymaker and legislative inquiries. Additionally, the CPEC provided each of the segments access to the data to support statewide, segmental and individual campus educational research needs. The CPEC functioned as a data management entity independent of the public segments, enabling the CPEC to perform analyses and provide information on behalf of and in response to requests from the Legislature or others, without relying on the "approval" or framing of information by the entity whose performance was being studied, analyzed, or evaluated.

Prior to its closure, the CPEC transferred its data warehouse to the California Community College (CCC) Chancellor's Office where the existing data is being housed and stored under an interagency agreement between the University of California, California State University, and the CCC. According to the Chancellor's office, the existing database is being maintained, and the CPEC Web site is available to the public for purposes of accessing existing reports posted on the Web site. However, under the current arrangement, access to the data is limited, since each segment has control over access to its own student records and outside entities wishing to use the database information must secure the approval of each of the affected segments.

- c) *Program and campus review.* The CPEC's role in program and campus review was to coordinate the long-range planning of the state's public higher education systems as a means to ensure that they were working together to carry out their individual missions while serving the state's long-range workforce and economic needs. In its oversight report, the Legislative Analyst's Office (LAO) noted that no office or committee has the resources to devote to review of programs to identify long-term costs, alignment with state needs and institutional missions, duplication and priority relative to other demands.
- 4) ***Related reports/recommendations.*** A number of recent reports have cited the need for an independent body to steward a public agenda for higher education. These include the following:
- a) *Improving Higher Education Oversight* (LAO, January 2012) – In this report, the LAO raised concerns that in the wake of CPEC's closure, the future of higher education oversight was unclear. The LAO noted that while the public segments had stepped in to assume some roles previously performed by California Postsecondary Education Commission

(CPEC), they expressed concerns about how institutional and public interests would be balanced. The Legislative Analyst's Office (LAO) also noted that while CPEC's performance had been problematic, several important functions performed by CPEC had been lost. Among other things, the LAO recommended the Legislature re-establish an independent oversight body and increase the body's independence from the public higher education segments, assign the body with limited and clear responsibilities, and develop a more unified governing board appointment process.

- b) *Charting a Course for California's Colleges: State Leadership in Higher Education* (California Competes, February 2014) – The report noted that California is one of only two states nationwide (the other being Michigan) without comprehensive oversight or coordination of higher education. The report opined that the state needs an independent agency to develop a public agenda for higher education that links the needs of the state's economy to the degree attainment outputs of the state's institutions. Further, that independence means that the entity would not have representatives of the segments on its decision-making body to allow it to maintain its impartiality. Finally, the report recommended that the state's priorities be focused on the goals of access to quality programs and outcomes from those programs; that the entity should be a coordinating agency and the segments should remain autonomous; and that its primary functions should be planning and policy development, data collection, analysis and monitoring, and administration of state financial aid programs.
  - c) *A New Vision for California Higher Education: A Model Public Agenda* (Institute for Higher Education Leadership and Policy, March 2014) – The report highlights the challenges faced by California and offers a model public agenda centered on these goals: addressing access and attainment; equity, affordability and efficiency; and state policy leadership. As regards policy leadership, the report opines that this function is best filled by an executive branch entity, such as a California Office of Higher Education, that reports to the Governor. The responsibilities of this office would be to, among other things, provide policy leadership and advise the Governor on higher education budget and policy development, administer financial aid programs, manage a coordinated higher education data system that allows for analysis of enrollments, progression, and completion across all public segments, manage a higher education accountability process, and conduct analysis of goals and targets to assess how well regional efforts aggregate to meet statewide goals.
- 5) ***Related and prior legislation.*** Several bills have been introduced in an effort to improve higher education performance and accountability, and to re-establish CPEC's most important functions. These include the following:
- a) SB 42 (Liu, 2015), in its final form, was essentially identical to this bill. Although SB 42 was heard and passed by both houses, it was ultimately vetoed by the Governor, whose message read, in pertinent 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.”***

- b) SB 1196 (Liu, 2014) would have established a process for setting specific educational attainment goals for the State. SB 1196 was held in the Assembly Appropriations Committee.
- c) AB 1348 (John A. Pérez, 2014) which would have established the California Higher Education Authority, its governing board and its responsibilities, as specified, phased-in over a three-year period. AB 1348 was held in the Senate Appropriations Committee.
- d) SB 1022 (Huff, Chaptered 394, Statutes of 2014) requires the California State University and requests the University of California to provide labor market outcome data on their graduates.
- e) AB 2190 (John A. Pérez, 2012) would have established a new state oversight and coordinating body for higher education. AB 2190 was held in the Assembly Appropriations Committee.
- f) SB 721 (Lowenthal, 2012) would have established statewide goals for guiding budget and policy decisions. SB 721 was ultimately vetoed.
- g) SB 1138 (Liu, 2011-12) would have established a central data management system for the higher education segments. SB 1138 was held in the Senate Appropriations Committee.
- h) AB 2 (Portantino, 2011) and AB 218 (Portantino, 2009) essentially identical bills, required that the state to 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 heard and passed by this Committee and were subsequently held in the Senate Appropriations Committee.

## **SUPPORT**

California Competes  
Campaign for College Opportunity

## **OPPOSITION**

None received.

**-- END --**