

# Outline of Comments to the Little Hoover Commission, Public Hearing on Higher Education

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## I Have Been Asked to Address a Broad Array of Questions

- Whether the state should replace the California Postsecondary Education Commission and, if so, what the new body's makeup and authority might be;
- The need to establish statewide goals and accountability measures for its higher education institutions;
- The benefits or drawbacks of adopting an outcomes-based funding model for higher education;
- A roadmap for creating a public agenda and accountability measures and implementing outcomes-based funding;
- Given the state's size and diversity, whether California needs to take a regional, rather than statewide, approach to higher education;
- Other solutions for addressing immediate and long-term issues with higher education

**With regard to the question of whether CPEC should be replaced, the answer is an unequivocal YES.**

California has mechanisms for dealing with

- Systems
- Campuses

But it has no means of linking the collective higher education enterprise to the state's needs.

**Without an effective state-level entity too many critically important issues are neglected**

- The needs of the state and regions within the state
- The issues that cross boundaries
  - Between higher ed systems
  - Between higher ed and k-12
  - Between higher ed and the economy/employers

**With these issues unattended, California has not been well-served.**



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The system-oriented focus of higher education has served to

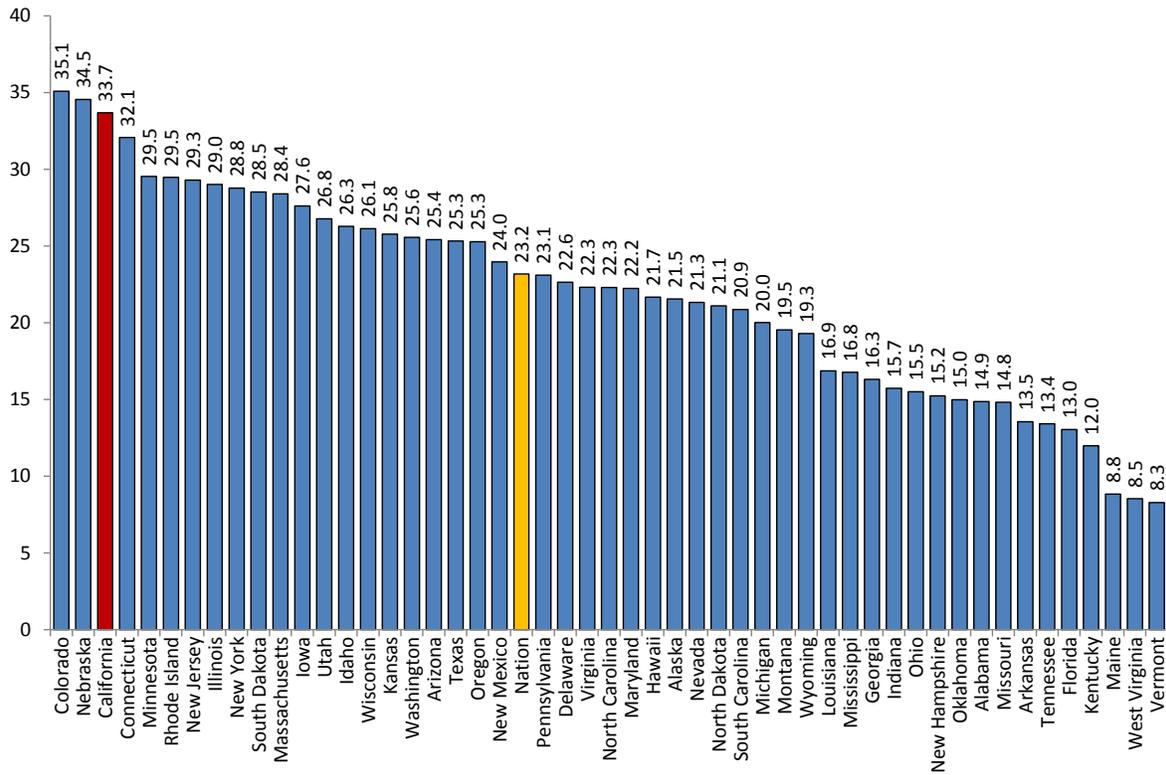
- Create world-class institutions
- That are leaving too many students underserved
- With substantial variations across regions within the state

**Figure 1. Comparing California with Other US States and Nations in the Percentage of Young Adult Degree Attainment**

| U.S. States                                                                                 | %  | OECD Country                                     |
|---------------------------------------------------------------------------------------------|----|--------------------------------------------------|
|                                                                                             | 62 | Korea (63.1)                                     |
|                                                                                             | 60 |                                                  |
|                                                                                             | 58 |                                                  |
|                                                                                             | 56 | Canada, Japan                                    |
| Massachusetts<br>North Dakota                                                               | 54 |                                                  |
|                                                                                             | 52 |                                                  |
| Minnesota • New York                                                                        | 50 |                                                  |
|                                                                                             | 48 | Ireland<br>Norway, New Zealand                   |
| Maryland • New Jersey • New Hampshire • Illinois<br>Iowa • Connecticut • Vermont • Nebraska | 46 | United Kingdom, Australia, Denmark               |
| Virginia                                                                                    | 44 | Luxembourg, France                               |
| Pennsylvania • Rhode Island                                                                 | 42 | Israel, Belgium                                  |
| Kansas • Hawaii • Colorado                                                                  | 42 | Sweden                                           |
| Washington • Wisconsin                                                                      | 40 | <b>UNITED STATES</b><br>Netherlands, Switzerland |
| Montana                                                                                     | 40 |                                                  |
| Missouri • North Carolina                                                                   | 38 | Finland                                          |
| <b>California</b> • Oregon                                                                  | 38 | Spain                                            |
| Utah • Ohio • Delaware • South Dakota • Michigan                                            | 36 | Estonia                                          |
| Maine • Georgia • South Carolina • Florida                                                  | 36 | Iceland                                          |
| Indiana                                                                                     | 34 | Poland, Chile                                    |
|                                                                                             | 34 |                                                  |
| Kentucky • Tennessee • Alaska                                                               | 32 |                                                  |
| Arizona • Alabama • Texas • Oklahoma • Idaho                                                | 32 |                                                  |
| Louisiana • Wyoming • Mississippi                                                           | 30 | Slovenia                                         |
| West Virginia                                                                               | 30 | Greece                                           |
| Arkansas • New Mexico • Nevada                                                              | 28 |                                                  |
|                                                                                             | 26 | Germany                                          |
|                                                                                             | 24 | Hungary                                          |
|                                                                                             | 22 |                                                  |
|                                                                                             | 20 | Austria                                          |
|                                                                                             | 20 | Slovak Rep, Czech Rep, Mexico, Italy             |

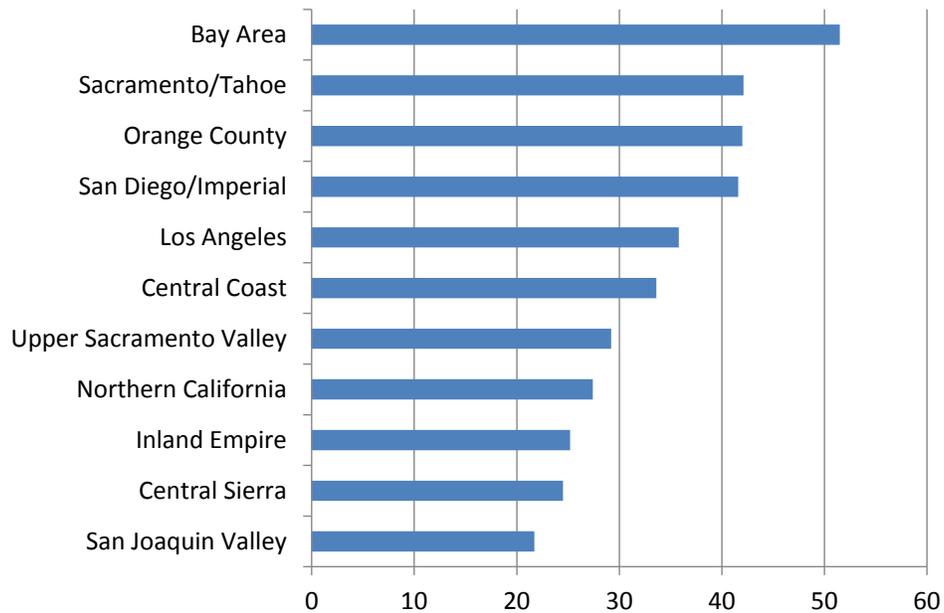
Source: 2011 OECD Education at a Glance; 2009 American Community Survey

**Figure 2. Difference in College Attainment Between Whites and Minorities\***



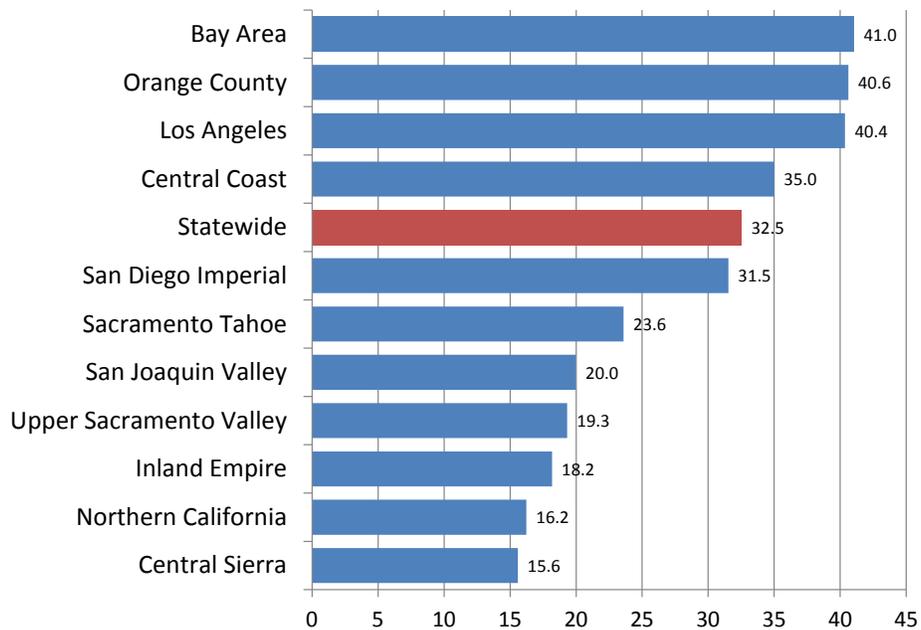
Minorities: Blacks, Hispanics, Native Americans; Source: U.S. Census Bureau, 2008-10 American Community Survey

**Figure 3. Percent of the Population with an Associate Degree or Higher (2006-08)**



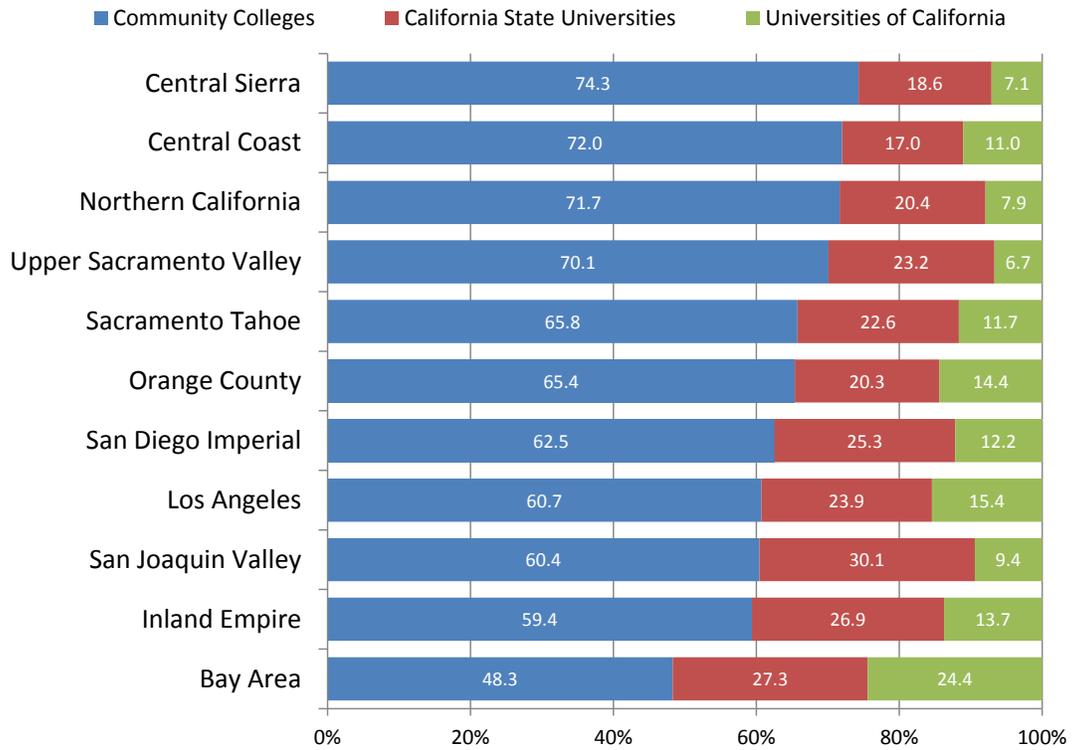
Source: US Census Bureau, 2006-08 American Community Survey, Public Use Microdata Samples

**Figure 4. College Attainment Gap between White and Minority 25 to 44 Year Olds (2006-08)**



(Minority - Blacks, Hispanics, and Native Americans) Source: US Census Bureau, 2006-08 American Community Survey, Public Use Microdata Samples

**Figure 5. Attendance Patterns of First-Time College Students Directly Out of High School by Region (2006-08)**



Source: US Census Bureau, 2006-08 American Community Survey, Public Use Microdata Samples

The great variations in regions strongly suggest a regional approach to state higher education planning and policy making.

California is lacking almost all of the essential ingredients for effective state-level policy making regarding higher education.

**Figure 6. A Framework for Policymaking**

|                                          |                         |         |            |                |            |
|------------------------------------------|-------------------------|---------|------------|----------------|------------|
| Strategies for Achieving Goal Attainment | Planning and Leadership | Finance | Regulation | Accountability | Governance |
|                                          |                         |         | Alignment  |                |            |
| Goal 1                                   |                         |         |            |                |            |
| Goal 2                                   | Consistency             |         |            |                |            |
| Goal 3                                   |                         |         |            |                |            |

**The need to develop statewide goals is a necessary first step in forging effective state higher education policies**

- Without goals there is no basis for accountability
  - A fixation with how things are being done is no substitute for a focus on what is (or is not) being done
- The corollary – without goals there is a tendency to overregulate. This is amply demonstrated by the environment in which California’s community colleges must operate
- Without goals there is no basis for establishing fiscal policy that brings all components of such policy into alignment
  - Appropriations to institutions
  - Tuition and fees
  - State (and federal) student financial aid
  - Improvements in institutional productivity
- Perhaps most important – without goals there is no basis for dialogue with the citizens of the state. As a consequence conversation will be
  - About benefits to institutions
  - Not benefits to the citizenry
- The state has no entity charged with addressing these issues

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## California must have a state-level entity with the authority and responsibility to:

- Establish a Public Agenda (including goals and related metrics) linking the higher education system as a whole to the future economic and social well-being of California
- Align capacity (institutions, programs and new modes of delivery) with the long-term goals
- Align finance policy with the state goals and hold systems accountable for making progress toward these goals
- Sustain focus on long-term goals across changes in political leadership and economic conditions

## Design criteria for new entity

- Capacity for oversight and policy leadership on behalf of the citizens of California, not the interests of the state's higher education segments and sectors.
- Independence from (but linked in the policy and budget process) with the Governor and Legislature to ensure sustained attention to long-term goals without being subjected to short-term political agendas that can undermine progress
- Authority and responsibility to
  - Develop and recommend to Governor and Legislature a Public Agenda including long-term goals and related metrics (a new “Master Plan” for California).
  - Monitor and report on progress to long-term goals and the progress of segments toward these goals and to hold segments accountable for performance.
  - Develop and recommend strategic finance policy to the Governor and Legislature including state appropriations, fee policy, and student financial aid.
  - Make budget recommendations to Governor and Legislature on the overall allocations in line with the long-term goals, including the allocation methodologies.
  - Focus on strategic issues that must be addressed to make progress toward long-term goals: primary issues between and among segments and sectors, region-by-region, etc.
  - Set forth the basic policy parameters for capacity development or realignment to meet the state's goals.
    - Degree production by segment
    - Expansion or realignment of enrollment capacity
  - Review and recommend to the Governor and Legislature approval of major capacity decisions (changes in mission, new campuses, centers, etc.) that are to be financed (operating or capital) with state appropriations or state-approved student fees.
  - Maintain a comprehensive data system related to students, institutions and other variables essential for policy analysis, accountability and decision-making by the legislative and executive branches and the higher education system.

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- Develop and carry out a policy analysis agenda aimed at shaping major policy choices that must be addressed by Governor and Legislature and segments to advance the Public Agenda.
  - Serve as the coordinating point for policy analysis related to this agenda – for example, work done by the LAO, California Competes, PPI, Institute for Higher Education Policy and Research (Sacramento State), and others.
  - Lead and coordinate a limited number of initiatives aimed at addressing critical issues problems defined in the Public Agenda.
  - Consolidate and align the long terms goals of existing state-level postsecondary education entities, including the California Student Aid Commission and the Bureau of Postsecondary Education

### Structure

- Consolidate the California Student Aid Commission and the Bureau of Postsecondary Education under the authority of a newly established Council/Commission
- Establish the new entity as a public benefit corporation (California Corporations Code, Title 1, Division 2, Part 2, Nonprofit Public Benefit Corporations)
- Charge the entity with responsibility for:
  - Statewide and policy leadership oversight for establishing a public agenda for California and aligning fiscal and other policies with this agenda
  - Administration of state student financial aid programs
  - Regulation of postsecondary institutions/providers
- Establish Council/Commission membership:
  - Business and civic leadership representative of diversity of CA’s population
  - Members who are not in an official position at or employed by a CA higher education institution
  - No segmental representation (segments engaged through advisory mechanisms)
  - From 11 to 15 members appointed by Governor and legislative leaders from a pool of candidates identified by an independent search firm according to criteria established by the Council/Commission
  - Establish terms that bridge Governor’s terms (e.g., 6 years overlapping)
- Provide for the executive officer to be appointed by and serve at the pleasure of the Council/ Commission
- Organize the entity to focus the policy leadership and analysis functions at the level of the Council/Commission and executive officer, and delegate and decentralize functions related to operations and regulation. Key divisions could include:
  - Policy leadership and policy analysis (at the level of the Council/Commission and executive officer)

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- Maintenance of a data warehouse and comprehensive data/information system
  - Project leadership and implementation related to key cross-sector issues: P-20 coordination, transfer and articulation, links with economic development, etc.
  - Administration of the state student aid programs (transferred from the California Student Aid Commission)
  - Regulatory functions transferred from the Bureau of Postsecondary Education
  - Administration of federal programs (those requiring statewide administration/implementation)

### **Benefits of drawbacks to adopting an outcomes-based funding model**

- Without goals there is not foundation upon which to create such a model
- As tuition and fees become a larger (and more dependable) component of institutional finance, state funding must become more intentional. Outcomes-based funding is a straightforward way of linking priorities to resource allocation.
- Beyond that, will defer to Brenda Bautsch
- Will be glad to respond to questions