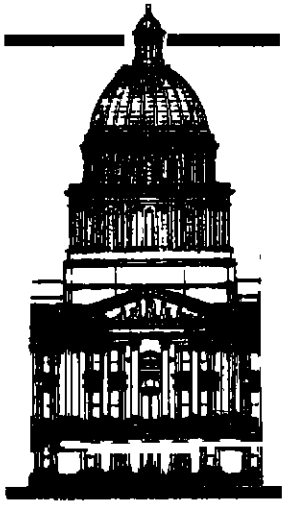

LEGISLATIVE AND STATE BUDGET PRIORITIES OF THE COMMISSION, 1995

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

APRIL 1995 COMMISSION REPORT 95-5

POSTSECONDARY EDUCATION COMMISSION
CALIFORNIA

COMMISSION REPORT 95-5
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LEGISLATIVE AND STATE BUDGET PRIORITIES OF THE COMMISSION, 1995

A Report of the California Postsecondary Education Commission

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
1303 J Street • Suite 500 • Sacramento, California 95814-2938

POSTSECONDARY EDUCATION COMMISSION
CALIFORNIA

Summary

This is the Commission guide to staff in working with the Governor and the Legislature in development of legislation and the State budget affecting higher education during the 1995-96 legislative session. It is the eighth successive document in which the Commission sets forth its annual agenda of legislative and budget priorities in response to the critical issues facing postsecondary education

In guiding staff this year, the Commission has sponsored three legislative proposals (1) changing the Education Code in order to better define the Commission's roles and responsibilities, and to provide the Commission with limited flexibility to adjust its workload as resources dictate, (2) a separate legislative vehicle to enhance the Commission's existing information system by funding its ability to undertake longitudinal of student progress through the entire educational system, and (3) authorization of the Commission as the State Postsecondary Review Entity (SPRE), including the legal ability to promulgate regulations for the purpose of complying with the federal Higher Education Act Amendments of 1992

Additionally, the Commission identifies four other priorities for the year (1) preserving educational opportunity through adequate and stable funding, (2) creation of equitable State policies for student fees and financial aid, (3) increasing educational productivity and efficiency; an (4) improving regional and statewide cooperation and collaboration

Staff is directed to represent the Commission's legislative and budget priorities articulately and aggressively in the vigorous debate of the these issues that will include legislators and their staff, the Governor's office, and representatives of the postsecondary education community Staff will also prepare to advise Constitution Revision Commission as it formulates recommendations for changes in the State budgetary and policy making process

Commission adopted this report at is meeting on April 4, 1995, on recommendation of is Governmental Relations Committee Copies of this report (95-5) are available for the Commission at 1303 J Street, Suite 500, Sacramento, CA 95814-2938, telephone (916) 445-7933

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LEGISLATIVE AND STATE BUDGET PRIORITIES OF THE COMMISSION, 1995

THE California Postsecondary Education Commission annually adopts a set of priorities to guide its staff in advising the Governor and the Legislature during the coming year The Commission develops these priorities in response to the critical issues facing postsecondary education Guided this year by the Commission's workplan for 1995 and its planning document, *The Challenge of the Century,* these 1995 legislative and State budget priorities will serve to clarify the ways in which the Commission expects its staff to address these issues during 1995-96

In this legislative session, the Commission will sponsor three proposals

- First, it will introduce legislation identical to Assembly Bill 3696 (Campbell) of last year, but it will separate the provisions into two separate vehicles This first one will reintroduce AB 3696's proposed statutory changes to Education Code Sections 66900 through 66903 6 that would more sharply define the Commission's roles and responsibilities As members of the Governmental Relations Committee know, because of the Commission's budget reductions over the past few years, the Commission has been required to restructure the ways in which it fulfills its statutory obligations, largely by consolidating or integrating related activities The proposed statutory changes will both better define the focus of the Commission and provide it with limited flexibility to adjust its workload as resources dictate Although AB 3696 was vetoed by the Governor, the Commission staff will be cooperating with the Governor's Office to address his concerns

- The second vehicle will contain the provisions in AB 3696 that would enhance the Commission's existing information system by funding its ability to undertake longitudinal analyses of student progress through the entire educational system In so doing, the Commission expects to answer such questions as When do students drop out? What causes these dropouts? And what intervention is possible? The cost of implementing this information system is estimated to be slightly over $1 million for the first year, and approximately $500,000 for each year thereafter However, its implementation will yield substantial financial benefits to the State by reducing current data-processing costs and duplication of efforts, and even more importantly, by providing the State with the capacity to make policy decisions on empirical evidence rather than speculation

- The Commission will sponsor a third legislative proposal that would establish it as California's State Postsecondary Review Entity (SPRE) and authorize it to

promulgate regulations for the purpose of complying with the federal Higher Education Act Amendments of 1992 As the Committee knows, that Act established a partnership between states and the federal government for the purpose of reducing fraud and abuse at institutions participating in federal Title IV financial aid programs This year's proposal will contain many of the provisions of Assembly Bill 625 (Archie-Hudson) of last year, which was passed by the Legislature but vetoed by the Governor The new proposal will reflect revisions that address the Governor's concerns by retaining only those provisions necessary for implementation and compliance with the federal law

In addition to those three sponsored legislative proposals, the Commission expects to focus its attention this year on the following four priorities (1) preserving educational opportunity through adequate and stable funding, (2) creating equitable State policies for student fees and financial aid, (3) increasing educational productivity and efficiency, and (4) improving regional and statewide cooperation and collaboration

1. Preserving educational opportunity through adequate and stable funding

In fulfilling the promise of the Master Plan for Higher Education adopted 35 years ago, the State has endeavored to provide access to a quality education for all California residents desiring to pursue postsecondary education Due to a combination of inadequate funding resulting from the recent recession and increases in the number of college applicants, the preservation of this commitment has proven difficult, and it will continue to challenge the State into the next century Public colleges and universities have had to implement such cost-saving measures as reducing offerings, increasing class sizes, deferring building maintenance, raising fees, and restricting enrollment

As the year 2000 approaches, some 460,000 more Californians than are currently enrolled in the state's colleges and universities are likely to seek access to postsecondary education The major reason is "Tidal Wave II" -- the coming to adulthood of the children from the first tidal wave of college students in the 1960s, who were the baby-boomers born after World War II In addition to these students, additional college applicants will likely come from among recent immigrants to California, from among adult workers who either want to or are forced to enhance their employment skills, and from older Californians

All in all, more students will seek admission to California's colleges and universities than ever before in history However, unless major changes are made in public policy and financing, the State will be unable to accommodate these students and their aspirations

In addition to the challenges created by the combination of reduced funding and increasing numbers of college applicants, several other factors have complicated the State's ability to provide adequate and stable funding for higher education Over the past 20 years, voter-approved initiatives, constitutional restrictions, and caseload expenditure requirements have reduced the discretionary portion of the State budget to approximately 15 percent, and this share must support postsecondary education, correctional operations, and other State government agencies and

operations Further, tax increases and bond measures that would aid postsecondary education require a two-thirds majority vote -- a super-majority that is proving extraordinarily difficult to achieve

In response to these factors, the Commission staff will collaborate with the Governor, the Legislature, the postsecondary education community, and students to undertake a three-pronged effort to ensure adequate and stable financing for postsecondary education

1. **The Commission will recommend to the Constitution Revision Commission that constitutional changes should be made to reduce the proportion of votes needed for approval of new or increased taxes from 67 percent to 60 percent -- if not a simple majority -- and to repeal provisions mandating annual expenditures unnecessary to the social and fiscal health of the State.**

2. **The Commission will support efforts by the Governor to stabilize funding through his proposed four-year compact with California higher education, as detailed in his proposed budget.**

3. **The Commission will encourage further stabilization of State support through commitment to a base level of funding on a full-time-equivalent student basis.**

2. Creating equitable State policies for student fees and financial aid

California has traditionally maintained a policy of low fees in its public institutions, particularly given the high reputation for quality these institutions have enjoyed Unfortunately, as the State has retreated from that traditional low-fee, no-tuition policy, its financial investment at the same level in the education of all students in each of the systems, irrespective of the students' economic circumstances, has resulted in reduced access and opportunities for needy students

Two years ago, the Commission recommended a policy for capping undergraduate fees at the State University and the University of California and a set of principles that should guide state policy in setting fees for all of its public colleges It based that policy on the premise that the State, students and their families, and institutions should all contribute to the investment necessary to provide high quality postsecondary education to Californians A coordinated state policy on fees and financial aid would serve to curtail unwarranted growth in student fees, stabilize the proportion of costs that students are expected to bear, provide predictability in forecasting future college costs, and preserve college affordability for the poorest of Californians The Commission's existing policy recommendation on student fees requires that a base level of systemwide fees be set, based on a prescribed proportion of the prior-year average instructional expenditure per full-time-equivalent student Commission staff is currently developing a more specific proposal which will provide for the fee levels of the three systems to vary by system, reflecting differences in their distinctive missions and the differing economic circumstances of their current students

Consistent with the Master Plan's commitment to provide educational opportunity for students with financial need, the Commission believes that a long-term financial aid policy must accompany the implementation of any policy recommendation on student fees In furtherance of that philosophy, the Commission will encourage full support of State financial aid programs As with institutional charges, the Commission views the responsibility of meeting the total educational costs of attending college as a shared responsibility State, federal, private, institutional, family, and student resources should be combined to cover the full cost of college attendance, including housing and subsistence, books, laboratory fees, and other related costs as well as tuition and fees Any long-term financial aid policy must include consolidation of resources administered through the institution or the State, including fee revenue

To this end, Commission staff will collaborate with the Governor, Legislature, postsecondary education community, and students to:

1. **Develop an equitable long term fee policy coordinated with a long-term financial aid policy, and**
2. **Continue its review of financial aid policy and offer recommendations on (1) appropriate goals to be advanced by the State's financial aid policy, (2) the advantages and disadvantages of decentralizing aid programs, (3) sources of funds that should be included in the State's financial aid policies, (4) a methodology for estimating annual appropriation needs for fully funding a financial aid program to achieve state goals, and (5) indicators that should be reviewed regularly to determine the extent to which State goals are being achieved.**

3. Increasing educational productivity and efficiency

Last year, the Legislative Analyst's Office became increasingly concerned about the performance of higher education institutions It has recommended that the Legislature begin to focus more directly on the outcomes of higher education The Analyst proposes specific steps that the Legislature could take, using available information, to monitor outcomes, for example, establishing four-year degree pledge programs and requiring institutions to provide information on degrees they confer in relation to the State's workforce needs and statutory goals on diversity Policymakers clearly heard these messages, and serious discussion took place in the committee rooms of the Capitol However, although policy makers seemed eager to set measurable goals, and some consensus emerged on the need for outcomes measurement, little was enacted to ensure that performance goals are defined or measurable Supplemental Budget Language was enacted to direct the Commission to report on the relation between earned degrees and workforce needs and statutory goals on diversity

In addition to these efforts, the Commission supports several additional avenues for increasing the efficiency and productivity of postsecondary education To that end, the Commission will actively support legislation in the following five areas

1. **Defining and measuring outcomes of higher education:** The remaining and most significant discussion that must take place within the higher education arena concerns the definition and measurement of student outcomes of higher education A multi-pronged effort must be launched in which the Commission and the public institutions develop a set of standards and measurable goals, and determine the extent to which the institutions are meeting those goals The information should then be reported in such documents as the Commission's legislatively mandated annual report on the performance of California higher education

2. **Allowing institutions to retain their expenditure savings:** California higher education has made significant strides in adjusting to the tighter fiscal conditions in which it operates To encourage even more cost-effective ways of educating students, campuses should be authorized to retain all savings realized from implementation of cost-effective strategies for instruction and be permitted to reinvest them in any aspect of campus instructional activities

3. **Tracking student progress through the educational system:** California institutions can only achieve their utmost efficiency and productivity when they have the information necessary to plan for student enrollment and document student progress As noted on page 1, the Commission will seek funding to expand its comprehensive student information system to allow the State to answer questions about the pattern of student progress during school and college, but beyond that system, the Commission will propose expansion of information-sharing among the State's public and independent colleges and universities regarding the status of their students and the availability of space for more students For example, how many community college potential transfer students can the State's universities expect to apply next year and the year after -- and how many spaces will be available for them?

4. **Making better use of students' time:** California students should have the opportunity to acquire and demonstrate mastery of skills and knowledge in a timely fashion and in a variety of ways Public institutions should be encouraged to utilize alternative measures of assessment to give them this opportunity -- ranging from giving credit for high Advanced Placement test scores to developing "challenge" examinations that allow college students to demonstrate knowledge of subject matter taught in a specific course and, therefore, receive credit for that course

5. **Utilizing educational technology:** Better utilization of telecommunications to expand and enhance instruction may also further institutional efficiency and productivity To this end, the Commission will support efforts to develop an intersegmental plan with measurable goals to guide policy makers in the coming decade Active collaboration with the private sector and connectivity between and within existing systems should be encouraged and the State should request public colleges and universities to develop five-year plans for incorporating technology and estimating attendant costs

Commission staff will consult with the Governor's Office, the Legislature, the postsecondary education community, and students to develop strategies for implementing these steps to greater institutional efficiency and productivity

4. Improving regional and statewide cooperation and collaboration

Last year, the Legislature directed the State's public colleges and universities to engage in regional planning to ensure that their decisions to consolidate or disestablish existing academic programs would not result in the loss of needed academic programs in various regions of the state While the State is the primary player in postsecondary planning and coordination, regional planning should complement statewide efforts and should include independent and private institutions as well The resources of each region should be coordinated to most effectively meet the educational needs of the residents of that region, and to avoid duplication of effort The Commission believes this can best be accomplished through a review of existing efforts and specific recommendations about ways to increase collaboration The Commission further believes that fostering increased regional collaboration should be one of the highest priorities of the California Education Roundtable, which consists of the chief executives of the public systems of higher education, a chief executive officer representing independent institutions, the Superintendent of Public Instruction, and the executive director of the Commission

In addition, the Commission will support efforts to bring the three statewide governing boards of California's public systems of higher education together on a regular basis to meet and discuss policy items that involve shared goals and objectives Precedent has been set in this area when, in October 1993, the California State University Trustees and the University of California Regents met jointly to discuss issues of common concern A year later, a joint meeting between the California State University Trustees and the Board of Governors of the California Community Colleges took place, and even more recently, the Board of Governors met with the State Board of Education Joint discussions such as these should enable progress to be made in furthering a cohesive, integrated educational enterprise in California The Commission advocates regular joint meetings to which appropriate representatives of other educational boards should be invited to participate

Finally, as the State strives toward creating one seamless educational system, it is imperative that State policymakers examine the effectiveness of the governance structure of the California Community Colleges Maintaining 71 districts with 71 separate local governing boards does not permit the community colleges' statewide Board of Governors to be a full and equal partner with either the Trustees of the California State University or the Regents of the University of California For instance, the Board of Governors cannot commit the individual districts to any policy direction unless such commitments are individually concurred with by the 71 separate boards or codified in State regulations Unless greater policy and governance authority is vested in the Board, statewide consensus will be nearly impossible to achieve The Commission supports restructuring the governance of community colleges to better promote an integrated state system

To facilitate increased regional and statewide coordination and planning, Commission staff will work actively with the Governor's Office, the legislature, the postsecondary education community, and students to develop an agenda of mutual respect and collaboration in order to ensure effective and efficient use of educational resources throughout the State.

Summary California higher education continues to be challenged by a multitude of issues from achieving stable funding to developing equitable fee and financial aid policies, and from coordinating the delivery of services to enhancing institutional productivity and efficiency These issues will be vigorously debated this year, as policy and budget committees begin their hearings on myriad bills being introduced Commission staff will be engaged with legislators, their staff members, the Governor's Office, and the postsecondary education community in representing the Commission's priorities articulately and aggressively Moreover, Commission staff will be prepared to advise the Constitution Revision Commission as that commission formulates its recommendations for changes in the way the State makes budgetary and policy decisions

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

THE California Postsecondary Education Commission is a citizen board established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature

Members of the Commission

The Commission consists of 17 members Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly Six others represent the major segments of postsecondary education in California Two student members are appointed by the Governor

As of April 1995, the Commissioners representing the general public are

Henry Der, San Francisco, *Chair*
Guillermo Rodriguez, Jr , San Francisco, *Vice Chair*
Elaine Alquist, Santa Clara
Mim Andelson, Los Angeles
C Thomas Dean, Long Beach
Jeffrey I. Marston, San Diego
Melinda G Wilson, Torrance
Linda J Wong, Los Angeles
Ellen F Wright, Saratoga

Representatives of the segments are

Roy T Brophy, Fair Oaks, appointed by the Regents of the University of California,

Yvonne W Larsen, San Diego, appointed by the California State Board of Education,

Alice Petrossian, Glendale, appointed by the Board of Governors of the California Community Colleges,

Ted J Saenger, San Francisco, appointed by the Trustees of the California State University,

Kyhl Smeby, Pasadena, appointed by the Governor to represent California's independent colleges and universities, and

Frank R Martinez, San Luis Obispo, appointed by the Council for Private Postsecondary and Vocational Education

The two student representatives are
Stephen Lesher, Meadow Vista
Beverly A Sandeen, Costa Mesa

Functions of the Commission

The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs "

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including community colleges, four-year colleges, universities, and professional and occupational schools

As an advisory body to the Legislature and Governor, the Commission does not govern or administer any institutions, nor does it approve, authorize, or accredit any of them Instead, it performs its specific duties of planning, evaluation, and coordination by cooperating with other State agencies and non-governmental groups that perform those other governing, administrative, and assessment functions

Operation of the Commission

The Commission holds regular meetings throughout the year at which it debates and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, its meetings are open to the public Requests to speak at a meeting may be made by writing the Commission in advance or by submitting a request before the start of the meeting

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of its executive director, Warren Halsey Fox, Ph D , who is appointed by the Commission

Further information about the Commission and its publications may be obtained from the Commission offices at 1303 J Street, Suite 500, Sacramento, California 98514-2938, telephone (916) 445-7933

LEGISLATIVE AND STATE BUDGET PRIORITIES OF THE COMMISSION, 1995: A Report of the California Postsecondary Education Commission

Commission Report 95-5

ONE of a series of reports published by the California Postsecondary Education Commission as part of its planning and coordinating responsibilities Single copies may be obtained without charge from the Commission at 1303 J Street, Suite 500, Sacramento, California 95814-2938 Recent reports include

94-13 *Faculty Salaries in California's Community Colleges, 1993-94. A Report to the Legislature and Governor in Response to Supplemental Language for the 1979 Budget Act* (August 1994)

94-14 *Executive Compensation in California Public Higher Education, 1993-94· The Second in a Series of Annual Reports to the Governor and Legislature in Response to the 1992 Budget Act* (August 1994)

94-15 *Comments at Public Forums Regarding the Commission's State Postsecondary Review Entity (SPRE) Program and Its Draft Standards, with Staff Responses: A Staff Report to the Commission's Ad Hoc Committee on Federal Programs* (October 1994)

94-16 *State Postsecondary Review Entity (SPRE) Standards, as Submitted to the Office of Administrative Law and the United States Secretary of Education* (October 1994)

94-17 *Fiscal Profiles, 1994: The Fourth in a Series of Factbooks About the Financing of California Higher Education* (Ocober 1994)

94-18 *Proposed Construction of the Palmdale Center of the Antelope Valley Community College District: A Report to the Governor and Legislature in Response to a Request from the Board of Governors of the California Community Colleges* (October 1994)

94-19 *The Performance of California Higher Education, 1994: The First Annual Report to California's Governor, Legislature, and Citizens in Response to Assembly Bill 1808 (Chapter 741, Statutes of 1991)* (December 1994)

94-20 *Student Profiles, 1994: The Latest in a Series of Annual Factbooks About Student Participation in California Higher Education* (December 1994)

1995

95-1 *A New State Policy on Community College Student Charges* (February 1995)

95-2 *The WICHE Compact· An Assessment of California's Continued Membership in the Western Interstate Commission for Higher Education* (February 1995)

95-3 *The Challenge of the Century: Planning for Record Student Enrollment and Improved Outcomes in California Postsecondary Education* (April 1995)

95-4 *Faculty Salaries in California's Public Universities, 1995-96: A Report to the Legislature and the Governor in Response to Senate Concurrent Resolution No. 51* (April 1995)

95-5 *Legislative and State Budget Priorities of the Commission, 1995: A Report of the California Postsecondary Education Commission* (April 1995)