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HOW BEST TO COORDINATE CALIFORNIA HIGHER EDUCATION: COMMENTS ON THE GOVERNOR'S PROPOSED REFORMS

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A NOTE FROM THE EDITOR

California government is now considering major reforms in the organization of higher education, specifically dismantling the state's independent planning and coordinating agency, the California Postsecondary Education Commission (CPEC), and placing it and the Student Aid Commission under a new position in the governor's office, possibly a Secretary of Higher Education.

This recommendation is the result of Governor Schwarzenegger's establishment of the California Performance Review Commission, in February of 2004, to investigate possible reorganization and other reforms for reducing spending and creating greater efficiencies in state government. Some fourteen teams, divided into seven "functional" areas (e.g., education) and seven cross-cutting areas (e.g., procurement and information technology), developed recommendations for consideration by the governor's office.

The California Performance Review Commission delivered its proposed reform plan to Governor Schwarzenegger on August 4, 2004. The plan is over 2,500 pages long and contains government reform recommendations in 279 issue areas. The "Education, Training, and Volunteerism" chapter is 192 pages, with 33 issue areas and 65 recommendations. Other suggested reforms for higher education include extending the authority to grant four-year degrees to some or all public community colleges, dissolving the California Community Colleges Board of Governors and Office of the Chancellor (established in 1968), increasing non-resident tuition in all three public segments

(University of California, California State University, and the California Community Colleges), and extending to CSU the ability to award doctorates in specific applied fields.

Following these and other recommendations, the Governor's 2005 budget proposal advocated the consolidation of the current functions of CPEC and the Student Aid Commission under a new division of higher education in the governor's office.

We asked the longest-serving and former CPEC director Warren H. Fox, a CSHE associate and now director of the higher education office in the Ministry of Higher Education and Scientific Research in the United Arab Emirates, to comment on the governor's proposal and more generally on the appropriate structure for coordinating California's massive higher education system.

—**John Douglass**, Editor of the Research & Occasional Paper Series

California Higher Education as an International Model

Higher education in California is a large and important part of the California government (over 10% of the budget) and of the social fabric of the state. California is unique in the enrollment size and quality of its postsecondary education system, which enrolls well over 2 million students. It has three public components: the University of California (UC), the California State University (CSU), and the Community Colleges. Internationally, many countries look to California as a potential model, often seeking to duplicate or adapt the success of these colleges and universities in terms of student access, quality programs, assigned mission, and impact on social and economic progress.

Since the states are responsible for state universities, the US offers close to 50 different models for higher education planning, budgeting, coordinating, and governance. California has long enjoyed an elite reputation for its system and its success.

California's fiscal and budgetary problems are also faced by most states, though of course the dollar amount of the state deficit is larger in California. Over the next two decades, funding for higher education will be limited by the growing percentage of state budgets allocated to health care, as these expenditures will experience double-digit growth. This places pressure on student fees, the number of seats available, access, and quality.

There is another factor coming into play in states: the increased politicalization of statewide coordinating efforts. Almost all states have some form of a coordinating body that includes a commission or governing board as well as an appointed executive officer (or State Higher Education Executive Officers, SHEEOs). The power of these boards, and of their chief officer and her or his staff, varies significantly. But all have a responsibility to provide general analysis of the effectiveness, problems, and needs of state systems of higher education.

The general model is that coordinating boards and the SHEEO positions be independent from the legislature, the governor's office, and public higher education institutions as well. The purpose for this has been to encourage independent analysis. Yet arguably there is a trend towards politicizing these boards and SHEEO positions. State higher

education organizations need to be designed to have influence in governments where gubernatorial interest or control in this area is increasing. Part of this is due to the educational reforms in K-12 that have been dominating state-level politics for over a decade. It appears to me that much of the reorganization and accountability activities foisted on K-12 will now be trained on higher education, since this has been the experience of the governors and legislators.

Yet higher education is a different species, with different missions, history, and academic culture. The campuses themselves, which are striving for more autonomy, independence, and entrepreneurial status, are challenging external pressures in many states. Statewide oversight must occur cognizant of these realities but also take into account the state's responsibility for fiscal stewardship, equal opportunity, affordability, and quality programs. In order to provide a closer integration to the Office of the Governor, one organizational option in California is to have the commission appointed by the Governor but to also preserve its independent status. The key will be in executive commitment to statewide goals, commission statewide budget recommendations, and coordination of the campuses.

The historical success of California's system is not assured for the future. This year is a case in point, with budget cuts, reduced outreach programs, higher fees, and questions about accountability of higher education to the state. Careful planning and policy analysis, as well as budget recommendations for higher education, are all needed to deal with these complex issues and with the social contract the state has with its citizens to provide excellence and opportunity to all for education after high school. Ronald Reagan, while Governor of California, signed into law the creation of the California Postsecondary Education Commission (CPEC) to provide the kind of independent planning and thinking needed to deal with these issues. It replaced a coordinating board that consisted of representatives of UC, CSU, the community colleges, and the independent colleges and universities.

CPEC was created to advance statewide interests, and to be the planning and coordinating agency for public higher education. It is responsible to both the legislature and the governor, with appointing authority shared by the legislature, the governor, the systems, the Board of Education, the independent colleges, and students. But primarily, it appears to me, it is responsible to the state to plan for the continuance of quality, efficiency, effectiveness, and social progress. I suggest that change is due and that the Commission appointment system be altered and its duties expanded to be more directly involved in budgets for higher education so that it is able to carry out this responsibility.

The central issue concerns the assigned roles of the Commission. It must be both an advocate of higher education and also, in some sense, a regulator. This is not easy for an appointed board to do. Advocacy can lead to a cozy relationship with the campuses, but a clear voice is needed on statewide higher education needs—for example in terms of student access, diversity, and accountability—and oversight is needed to say no to new campuses, perhaps, or to new programs or unneeded expansions in mission. The highest priority for the state consists of two components, growth and diversity. The state must provide for significant enrollment growth and opportunity for a diverse population. At the same time, it must maintain the quality of academic and occupational programs. Advocacy for these goals should be a high priority for the Commission.

The Commission will need to identify state goals and broker solutions to attain them. For example, California ranks near the bottom of the 50 states in the graduation rates for baccalaureate degrees. Publishing data on this issue, working with the higher education institutions to collaborate on solutions, and monitoring progress will greatly aid the students and the state. Also, transfer rates from the community colleges to the universities need to be improved, as well as the eligibility of underrepresented racial and ethnic groups for college admission. There is much to be done to address critical educational, economic, and social issues that are of statewide concern.

Because of deep budget cuts over the last three years, however, the CPEC is not able to fulfill its obligations, as it does not have the staff or level of operating budget support to do so. Furthermore, CPEC was created to coordinate all of public higher education, but was given few statutory powers to do so. It must approve new academic programs and new campuses, serve as the central data source, provide updates to the state plan, and fulfill other duties, but compared to the other 50 states, it is a weak coordinating board, much weaker than the strong governing boards of many other states. The strength of the CPEC has been in its role as an honest broker in the academic community, providing an independent view, while focusing on the long haul, state needs, and planning for the future. This is much needed in today's competitive environment of budget dollars, mission domain, student services, regional needs, and local boosterism.

Governor Schwarzenegger's California Performance Review report suggests placing CPEC under the Office of the Education Secretary and adding responsibility for student financial aid and oversight of private proprietary schools as well as the community colleges. A positive outcome will be the debate on oversight of higher education and the integration of various responsibilities into a central organization. I think that the appointment of Commission members by the Governor will strengthen the impact of the Commission in the administration and the budget process, which is sorely needed. The community colleges actually would benefit from a stronger Board of Governors and Office of the Chancellor of the community colleges, as it is more a federation than a system.

To better focus on higher education, several changes would better serve California and state oversight.

Assign a Stronger Role in the Budget

Significant change will not occur unless the CPEC Commission has a greater role in the budget-making process. In California, the budget drives policy, and this is true in higher education as well. A new campus requires funding, as do new programs, faculty salaries, and student grants. A more direct line of communication between the Governor and the Commission on funding proposals, including required reductions, is needed for implementing the policy recommendations of the Commission. If funding enrollment growth is a priority, for example, or increasing the number of baccalaureate degrees, those needs should be reflected in the Governor's budget.

Preserve Independence Over a Cabinet Position

Rather than place the Commission under the Secretary for Education, CPEC should maintain independent status – this is of immense value. It allows the Commission to speak with independent authority, to provide the service of an honest broker, to provide a buffer from politics for higher education, and to plan for the future based on state needs rather than on short-term political proposals. The number of positions in the

Commission could be reduced, from 15 to 7 or 9, in order to improve efficiency, and the Governor could make the appointments as he does for other boards in higher education in order to strengthen the relationship between the Commission and the administration. At the same time, procedures should be adopted to expand its role in the budget process. The higher education systems—UC, CSU, the community colleges, and the independent campuses—should serve on a high-level advisory council for the Commission in order to preserve its links to these systems.

Collect Better Data for Better Decisions

The Commission's role as a data clearinghouse should be strengthened. After all these years, the Commission has only recently been approved to build a statewide student accountability and information system that uses a unique student identification number so that longitudinal studies can be done (and the budget for this purpose has since been reduced). The systems have been reluctant to provide the data, but should be required to do so. This data is crucial to understanding—and planning for—the current situation of higher education in California. How long does it take to prepare a transfer student? Do students from the Central Valley attend college in numbers equal to the rest of the state? What is the real time to a degree? Being able to monitor student flow through the system is essential for planning and for evaluation. California faces "Tidal Wave II", an influx of 700,000 more students in 2010 than there were in 1998, and most of these students are racially and ethnically diverse. Better data are needed to make better decisions about student academic preparation, persistence, and success.

Assign Responsibility for Accountability

Better data would also improve accountability measures and reports on productivity. Public higher education systems and campuses are accountable to the public—which includes parents, the legislature, and the Department of Finance—but accountability now requires a more complex reporting to an independent statewide body to evaluate the productivity of the institutions and their effectiveness. Improved methods for gathering information on student outcomes are needed as well as mission accomplishment. The legislature is now considering new legislation in this area and the Commission should be front and center in any new proposal.

Clearly Delegate Responsibility for a Statewide Plan

Currently, the Commission is required to update the plan for higher education on a regular basis. However, one practice in other states that we might well emulate is to turn to the statewide Commission for the establishment of clear priorities for higher education, for programs and for funds. This would provide a central, independent location for planning discussions and recommendations. Discussions about new campuses should take place here as well, before any planning funds are authorized, for example. The Commission should be charged with this responsibility by both the legislature and the administration, and the results should influence budget and operational decisions.

Call for Coordination

Coordinating higher education is an important function that needs strengthening in California. The individual campuses may pursue local or national aspirations, and each of the three public systems may as well, but whether or not these actions together meet the needs of the state is not assured. In other states, for example, too many campuses have expanded their research plans, doctoral degrees, and graduate programs despite the fact that this may not be fiscally possible or desirable for the state. Coordination is

important for meeting this issue head on, for furthering the shared use of resources, and for moving systems towards a shared responsibility for statewide goals. The area of information technology is a prime example of successful collaboration. The Commission should be charged by the administration and the legislature with the authority to fulfill this coordinating role.

Support a Stronger Board for the Community Colleges

Rather than subsume the Board of Governors into a new department of higher education, new authority should be granted to the Board of Governors to have oversight and budget responsibility for the community colleges. They deserve independent status equal with UC and CSU, as they are a very important part of California's higher education system and help to prepare students for work or for further study. The community colleges face their own history as part of school districts and local boards, but with the state now controlling the budget, student fees, and statutory operating requirements, a stronger state board for the community colleges would better serve the state and accountability practices.

Integrate Planning, Coordination, and Student Aid

Questions about who attends college, what it costs students and their families, and who pays for higher education are important social and political questions for the state. The oversight of financial aid, which is a pressing issue for a state as large and complex as California, should be one of the responsibilities of the statewide agency for higher education. Texas, which faces similar challenges in providing for enrollment growth and increased diversity, has provided leadership in this area for years, and has had success with its campaign to "Close the Gap" in college participation for underrepresented groups. California, meanwhile, has led in its commitment to grants for students in need.

A Creative Commission

The stability of the Master Plan for over 40 years, the international reputation of California public colleges and universities and the world class research conducted by the University of California, and the size of the enterprise of higher education in California have all combined to make the state one of the models for scrutiny and emulation by other states and countries. However, the system is relying as much on its past success as on its current practices for statewide planning for the future. The traditional budgeting practices of the 1950s for UC, CSU, and the community colleges need to be replaced with a thoughtful, goal-driven, accountability-based model for the future. The State of California should lead the nation in the creation of a flexible, comprehensive Commission for Higher Education, funded at an appropriate level, and charged with the **responsibility** and the fiscal **capacity** to carry out its goals. "As California goes, so goes the nation"—the state needs to take on a leadership role in higher education so that other states and nations will look to the Golden State for the structure and motivation for providing fairness and quality. The next generation of California students deserves no less.