



# Coordinating California's Higher Education System

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## Summary

As postsecondary education has become increasingly important to California's economy and quality of life, the state has been considering how best to meet student and workforce needs over the long term. State leaders recognize that coordination across educational sectors is crucial to addressing these needs. The California Legislature has considered several bills in recent years that would bring back a coordinating entity for the state's higher education system, and Governor Newsom plans to reestablish a coordinating body.

The now-defunct California Postsecondary Education Commission (CPEC) provided analysis and advice on a range of higher education issues for more than 30 years before it was vetoed by Governor Brown in 2011. CPEC focused on ensuring that fiscal and program policies were consistent with state goals, long-term planning for physical and program changes, and using data to monitor system performance. But CPEC's history suggests that a divided board hampered by a lack of clear state goals could not meet policymakers' needs.

Our review shows that the effectiveness of a coordinating entity is shaped by a number of factors. Clear goals provide a strong rationale for eliciting cooperation from the segments. The design of the entity will also shape its ability to provide useful advice to decision-makers. There are three key issues:

- **Institutional placement.** Placing a coordinating entity within one of the state's public universities, as some states do, is impractical for California. The key issue is whether a new entity's place in state government allows it to serve as an independent source of higher education expertise or makes it part of the governor's policy team.
- **Duties.** Even an advisory entity with no regulatory powers can play an important role in higher education policy debates. Giving it important tasks—such as helping the legislature and governor update the Master Plan for Higher Education and managing the state's longitudinal database—can strengthen its influence and authority.
- **Composition.** CPEC was designed to build consensus among a wide variety of groups. If policymakers want the entity to play a significant and stronger leadership role, both its composition and appointment process should be designed so that its members can work toward a common perspective.

Our review suggests that an independent entity would work best for California. Such an entity can advocate for the needs of all Californians and can help the governor and legislature improve higher education by providing expertise and analysis.

## Introduction

The Master Plan for Higher Education assigns discrete roles to California Community Colleges (CCC), the California State University (CSU), and the University of California (UC). Each institution is governed by an independent board and afforded significant control over how best to deliver high-quality academic programs. But because the Master Plan also envisions the segments working together, it called for the creation of an entity to advocate for a coordinated system. The segments face many internal and external demands, and segment incentives can conflict with state goals. CPEC was the state's coordination advocate for more than 30 years, providing analysis and advice on issues such as eligibility, community college transfer, and planning for new campuses, buildings, and programs.

CPEC's duties included:

- **Information.** CPEC monitored the performance of higher education in California using data provided primarily by the three public segments. It also conducted studies to monitor various higher education inputs, such as whether UC and CSU followed Master Plan eligibility guidelines.
- **Budgets and finance.** CPEC was directed to participate in the budget process as requested by the governor or legislature.
- **Planning.** State law required CPEC to develop a state higher education plan that covered a wide range of issues, including new facilities, funding, fees and tuition, and financial aid. CPEC also reviewed system proposals for new campuses, buildings, and programs (such as a law school).
- **Articulation.** CPEC provided a forum for addressing issues such as transfers from community colleges to four-year universities, common course numbering, and the a–g course requirements for university eligibility.

The process for student transfers from community college to CSU or UC is perhaps the best example of a complex intersegmental issue. The community college transfer pathway provides a crucial option for Californians seeking four-year degrees. But coordination among segments has been a perennial issue since CPEC was created, and despite decades of efforts to improve the process, it remains a work in progress.

Governor Brown vetoed funding for CPEC from the budget in 2011, citing its ineffectiveness, and California became one of only a few states that do not have a coordinating entity (Brown 2011). In the absence of CPEC or a similar entity, the governor and legislature are responsible for addressing issues that cannot be resolved by the segments.<sup>1</sup> This heightens the challenge of long-term planning and intersegmental coordination.

A better understanding of CPEC's struggles can help state leaders design a more effective coordinating body. We begin with a brief description of lessons learned from CPEC's demise. Then, we highlight the importance of clear state goals and policies in making coordination possible. Finally, we outline the key design features of a new council that shape its ability to influence higher education debates.

## CPEC's History Highlights Important Design Issues

An independent coordinating entity can give the state institutional capacity to pursue state higher education goals and identify important intersegmental issues. It offers expertise and provides a process to evaluate options available to policymakers. But crafting intersegmental policies is difficult work, not necessarily suited to relatively short-term budget and legislative processes. Effective coordination must reflect the reality of higher education in California—the governance challenges, campus and segment incentives, and other factors that influence institutional decisions. Given the challenges, it is not surprising that past coordination efforts have fallen short of expectations.

The effectiveness of CPEC had been an issue since its inception. The 1960 Master Plan for Higher Education cites the need to coordinate the three public higher education segments, independent colleges and universities, and K–12 system. However, the governance of public higher education is decentralized and the segments have considerable independence.<sup>2</sup> Because UC’s constitutional status would prohibit a coordinating body from requiring UC to take specific coordination steps, the Coordinating Council for Higher Education was primarily advisory in nature; its effectiveness lay in “its mastery of the problems of higher education” (Liaison Committee 1960).<sup>3</sup> Concerned that the council was dominated by the universities—resulting in inadequate coordination, planning, and policy development—the state replaced the council with CPEC in 1974 (Joint Committee 1973). CPEC retained the original council’s advisory role, but a majority of its members represented the public.

Concerns about the effectiveness of CPEC emerged in the late 1990s. In 2002, a legislative Master Plan review committee concluded that CPEC needed to advocate more strongly for the public interest in higher education (Joint Committee 2002). Governor Davis proposed to cut most of CPEC’s funding in 2002 and Governor Schwarzenegger proposed eliminating the commission in 2005 (Legislative Analyst’s Office 2010). An academic study found that California’s approach to higher education allowed the segments to reach high levels of excellence, but that goals and priorities that require collaboration across segments fell through the cracks (Richardson and Martinez 2009).

Several factors reduced CPEC’s ability to effectively coordinate the state’s higher education system. One major factor was the lack of clear state goals for higher education. In some states, performance goals with measurable targets allow the coordinating entity to advocate for state objectives (Bowen et al. 1997; McGuinness 2016). These states use their coordinating councils as counterweights to incentives that cause public college and university campuses to compete for students and resources against one another and with private educational institutions. These councils work with the segments to develop plans to achieve state objectives and use state education data to report on each segment’s progress. While California may have segmental goals and objectives, it has no statewide higher education goals.

Another key factor was the lack of a clear mission in CPEC’s statutory charter. State law mandated that the commission conduct independent analyses of the performance and challenges of the public segments but also required it to collaborate with the segments on planning and coordination. Both the Legislative Analyst’s Office and the legislature’s 2002 review committee cited this dual role as a conflict that reduced the commission’s effectiveness (Legislative Analyst’s Office 2003, 2010; Joint Committee 2002).

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The third factor limiting the commission’s effectiveness was that it was designed for consensus, not leadership. California state law divided the commissioners in two ways. First, it required representation of educational institutions (five members) as well as members of the public (nine members). Second, the nine public members were appointed by the governor, speaker of the Assembly, and Senate rules committee (three each). This meant that the commission represented a diversity of perspectives. However, that very diversity could undermine CPEC’s ability to develop a unified perspective (Richardson and Martinez 2009). By contrast, the State Board of Education, which oversees the operation of the state’s K–12 education system, has no institutional representative and its members are appointed by the governor, with approval by the senate. Moreover, state board members serve staggered terms, providing continuity in the board’s perspective over time.

How can CPEC’s trajectory help the state move forward with a new coordinating entity? We begin by exploring the importance of state goals in shaping a new entity’s mission and influence.

## Clear Goals Are Key

The coordinating entity can advocate more effectively for and gauge progress toward state higher education goals if these goals are clear and measurable. Higher education and its role in California have changed significantly over the past several decades, and the Master Plan is either silent or outdated in many areas. Goals for each segment are helpful, but they are not a sufficient substitute for statewide objectives (Johnson 2010). In addition, where the state has clear goals, there are few performance measures to clarify the expectations of policymakers.

Many of today's higher education challenges revolve around a core Master Plan commitment to offer all students access to higher education. We look at areas in which the governor and legislature need to set clear goals, and describe how a new coordinating council could help achieve those ends.

**Eligibility targets.** Research suggests that 1.1 million more college graduates will be needed by employers in California by 2030 (Johnson, Mejia, and Bohn 2015). At the same time, many more students are qualifying for admission to UC and CSU—so many that some eligible students are being turned away. The Master Plan stipulates that the top eighth of high school graduates are eligible for UC and the top third are eligible for CSU. But it has no mechanism for adjusting enrollment targets to meet student or economic demand. A coordinating entity could make an independent assessment of current eligibility targets to assist policymakers in determining whether current targets should be increased and by how much. The entity could also advise the governor and legislature on a long-term plan for accommodating a higher number of students through actions such as increasing the number of transfers from community colleges to four-year schools, expanding the size of freshmen classes at CSU and UC, and working with private colleges and universities to enroll more students.

**Regional supply and demand.** Enrollment planning is needed at the regional level. Recent reports suggest that the number of affordable university slots in certain regions of the state is not well aligned with student demand. For instance, an analysis of the higher education needs of students and employers in the San Francisco Bay Area found that the CSU and UC campuses in the region do not have sufficient capacity to meet student demand (Kirst and Venezia 2014). Rural areas experience different access issues. High school graduation rates and community college enrollment rates are comparatively high in the San Joaquin Valley, but relatively few students transfer to a UC or CSU campus (Johnson, Cook, and Mejia 2017). The reasons for this are not entirely clear, but long distances from a regional university create barriers for students living in rural areas. Policymakers need to decide whether these regional differences in access to a four-year degree are acceptable. In its planning process, a coordinating entity could work with the segments and existing regional collaboratives to document the unique problems facing different regions and identify potential solutions.

**Funding, tuition, and financial aid.** Tuition and financial aid extend college access to all students, while state funding helps the state's public colleges and universities offer a high-quality education. But the state has no explicit long-term plan for tuition or state funding. Recent tuition increases and state budget cuts have reduced affordability for some students and may have diminished the quality of educational services provided by CSU and UC (Jackson and Warren 2018). There is also considerable interest in expanding financial aid programs to support student living costs as well as tuition and fees (California Student Aid Commission 2018). The legislature and the governor must set state policy in this area, but a coordinating entity could use data from each segment and from the California Student Aid Commission to better understand the impact of recent changes in university funding on students and institutions to begin the process of developing long-term policies for tuition, financial aid, and state funding.

To fully address these issues, this entity would need to consider the long-term costs and benefits of continuing the Master Plan's commitment to access for all students to a high-quality, affordable college education. Considering all of these issues in tandem will highlight trade-offs that might not be evident when they are considered individually. Importantly for the state, updating California's

commitment to students and its public higher education system will also address critical issues that have not been examined in a comprehensive way.

## Designing a New Coordinating Body

An effective coordinating body needs to be a part of state government, subject to all state rules and procedures regarding transparency and accountability. Our discussion of CPEC's history indicates that effectiveness is linked to three central design issues: the entity's institutional placement, its duties, and the appointment of key personnel. There is no ideal set of choices—each option has strengths and weaknesses.

### HOW SHOULD THE ENTITY BE SITUATED WITHIN STATE GOVERNMENT?

CPEC was designed as an independent body that advised both the legislature and governor. There are several other models of institutional placement that California could consider. In some states, responsibility for coordinating the various levels of K–12 and higher education lies with a statewide public university system. This approach uses an existing state entity that has the expertise and political connections needed to align the policies of the various levels of education. Often, these bodies are given strong authority to implement policies.

Because California has two public four-year universities, however, this is not a practical option. Giving coordinating responsibility to either UC or CSU would violate the parity that has been the state's practice to date, and weaken the governor's and legislature's control over higher education policy. For these reasons, we think keeping coordinating responsibilities separate from the segments represents the state's only realistic option.

A second alternative would situate the new entity in the executive branch. This would be similar to the State Board of Education (but would not include regulatory powers). The advantage of this placement is its strong connection to the policy process. The council could provide input to the governor and staff on the broad range of higher education budget and legislative issues and also conduct the planning and evaluation studies that are central to its mission. And its members would reflect the governor's perspective on higher education issues.

The downside of this approach is that such an entity could be perceived as—and perhaps act as—a representative of the governor's interests; this could politicize higher education policy, something that California has largely avoided in the past.

The best option, in our view, is an entity that operates independently and advises both the governor and the legislature. This would strengthen the legislature's capacity to address important higher education issues. The Legislature faces an array of higher education agencies and interests, and an independent entity can provide objective information on current issues and develop options for resolving them.

### WHAT DUTIES SHOULD THE ENTITY HAVE?

Most state coordinating entities across the country are responsible for data and information, fiscal and budgetary issues, long-term planning, and policy articulation. In California, recently introduced legislation (SB 3) would create an Office of Higher Education Coordination, Accountability, and Performance with four primary responsibilities: planning, oversight, data collection, and coordination. However, the devil is in the details: any entity's role and authority are shaped by legislative and procedural factors.

Because the state budget is a product of many important policy decisions, the entity's role in fiscal policymaking is key to its overall influence. Some state councils are empowered to recommend fiscal changes to the executive and legislature, which allows them to operate relatively independently. This was the case with CPEC—state law identified CPEC as a “principal” fiscal advisor to both the governor and legislature (Education Code section 66010.6). But recommendations have no teeth unless policymakers give the entity a forum for its views. For most of its existence, for instance, the legislature empowered CPEC by inviting its staff to comment during hearings on higher education fiscal issues. This is an important reminder that, while the

statutory description of the entity's role is meaningful, policymakers must also give it ways to fulfill its mission.

Planning is a second critical area of responsibility. Leading the process of updating the higher education plan would be an important task for a new coordinating entity—as opposed to creating a master plan that integrates the individual segmental plans, as CPEC was directed to do (Education Code section 66903). Updating the plan would strengthen the entity in important ways. For example, leading the process would establish close working relationships with the segments. Moreover, the importance of this task could help a new council attract high-quality members and staff.

Information gathering is another key function. CPEC was the state's repository for data on higher education students. In our 2018 report on higher education data—Modernizing California's Education Data System—we find that a statewide database would provide essential information on a wide array of student success, articulation, and K–12 preparation issues. At a minimum, the new coordinating entity would need access to such a data system—but making the council the steward of education data in California would ensure access to information on outcomes the entity would need to advocate for state higher education goals.

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Finally, the state will need to address the potential for mission overlap with the California Student Aid Commission (CSAC). CSAC administers state and federal financial aid programs and its commissioners review and suggest changes in state financial aid policies. Given the importance of financial aid to student access, responsibility for advising policymakers on financial aid policies should probably reside with the new entity. However, CSAC should not be folded entirely into the new entity. While a merger would provide useful staff support and data on student financial issues, the administrative

obligations attached to running financial aid programs would divert the entity's attention from its policy duties.

#### HOW SHOULD KEY DECISION-MAKERS AND STAFF BE APPOINTED?

CPEC's role as a consensus-seeking organization was influenced by statutes outlining the appointment of commissioners. If policymakers want the council to play a more significant leadership role, the composition of its governing council and the appointment process should facilitate the selection of members who can work toward a common perspective.

One important question is whether the entity should include representatives of UC, CSU, and CCC. Other states we examined appoint only members of the public to their coordinating entities. In some cases, members represent specific districts as a means of including regional perspectives. Other states also appoint representatives from the business community. An entity with public members would have an overarching perspective of the needs of students and the state, not the needs of the segments. Such an entity could factor in the views of school districts, colleges, and universities by working with an advisory group such as the existing California Education Round Table.

A related question is about how appointments should be made. Under CPEC, the governor and each chamber of the legislature was given three appointments to the commission. Because legislators often have different views from the governor, CPEC's divided appointment process meant that its members were not necessarily working to achieve the same ends. The logical solution is to give the governor appointing power for all council members but require the approval of the senate. This is the process for appointments to the State Board of Education.

Staff expertise is yet another critical element. The 2003 LAO report emphasizes that the influence of CPEC stemmed largely from the capabilities of its commissioners and executive director. However, the state's ability to attract a highly qualified director is a concern. Policymakers involved

in establishing the council should ensure that it has the financial flexibility to hire a capable executive director and staff.

## Conclusion

Governor Newsom and state legislators have called for reestablishing a coordinating entity that can help the state's higher education segments and its K–12 system work together to meet state goals. There are many decisions to be made about the goals this entity will pursue, the role it will play in policy debates, and its composition. These decisions will shape the entity's approach and influence.

The history of CPEC suggests that a consensus-based approach to planning and policy analysis did not meet policymakers' needs. For that reason, we favor an independent council that is empowered to provide leadership in pursuing the state's higher education goals. A citizen panel, working with the segments, can assist policymakers by creating a plan for achieving state goals, developing potential solutions to intersegmental problems, and provide reliable, in-depth information to inform the higher education policy debate.

As one former CPEC director wrote, "The strength of 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" (Fox 2005). An entity that could play this role would be tremendously valuable to policymakers and instrumental in the long-term success of California's higher education system.

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## NOTES

1. Although California does not have a higher education authority, there are efforts among the state's education sectors to work together. For example, the California Education Round Table (CERT) is a voluntary association of the executives of each education segment in California. The Intersegmental Coordinating Committee, an arm of the CERT, seeks to foster collaboration among the segments.
2. The state constitution created UC and its Board of Regents, giving it significant latitude to operate independently. CSU, a state agency, is guided by a governing board, which insulates the university somewhat from state policies. K–12 and community college districts are governed by locally elected boards, and the interests of the state must compete with the concerns of local communities.
3. Section 9 of Article IX states that “The University of California shall constitute a public trust, to be administered by the existing corporation known as “The Regents of the University of California,” with full powers of organization and government, subject only to such legislative control as may be necessary to insure the security of its funds and compliance with the terms of the endowments of the university and such competitive bidding procedures as may be made applicable to the university by statute for the letting of construction contracts, sales of real property, and purchasing of materials, goods, and services.”

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