



Informed Planning

California higher education needs coordinated leadership

To maintain California's strong economic position, the state needs the innovation and high productivity that comes from a well-educated workforce. For California to remain competitive and become a leading degree-producing state by 2025, it will need to produce an additional 2.3 million postsecondary credentials on top of the 3.2 million that are already projected to be produced under current policies.

Reaching that goal would require an estimated increase in degrees of more than four percent each year. California will be able to reach the goal, with high quality, only if its colleges and universities operate with clear purpose and improved efficiency.

California's future economic leadership depends on providing its citizens with the skills, knowledge and creativity that support entrepreneurship and increased productivity. Yet no entity is responsible for steering higher education investments toward the state's goals for economic competitiveness and

vibrant communities. How can California deliver on its postsecondary education needs? Where are the inefficiencies? Where are the high-priority gaps that can be effectively filled? How can quality be assured? Policymakers, students and educators need clear goals and independent information to make important decisions and know whether we are on track. A new Higher Education Investment Board should be tasked with these leadership responsibilities.

Information as an accountability tool

Charting possible futures for postsecondary education requires a detailed understanding of the needs of the economy, the challenges faced by communities in different regions of the state, and the activities and capacity of all higher education providers, public and private.

This type of detailed, expert analysis is essential to inform decisions by the Governor, the State Legislature, and the leaders of public and private postsecondary institutions. It is also the information that prospective students need as they consider where to enroll and what to study. The Higher Education Investment Board would be responsible for recruiting the leadership and staff who can carry out expert analyses with the Board's guidance. The Board's planning responsibilities would include:

- **Projecting Needs:** Assessing the state's current and future needs in postsecondary training and education.
- **Identifying Gaps:** Identifying incongruences between programs currently available and those that are demanded by the economy and by students, including adult students.
- **Developing Cost-Effective Strategies:** Developing proposals for improving postsecondary outcomes that consider taxpayer costs, student costs, and quality and allow us to use resources more wisely.
- **Enhancing Accountability:** Proposing accountability plans for publicly funded institutions, for consideration by the Governor and the Legislature.

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Feedback Cycle for Policy and Budget Decisions



California Legislative Analyst's Office,
Improving Higher Education Oversight,
January 2012

The Investment Board would also be responsible for the state's scholarship and student outreach programs, absorbing the functions currently carried out by the California Student Aid Commission. Delivery of most state scholarship funds would be decentralized, freeing

substantial staff resources for the Board's analytical roles and allowing for a greater focus on outreach to disadvantaged students about their postsecondary opportunities and their options for covering costs.



Insulated from capture and partisanship

The Higher Education Investment Board is designed to be able to focus on honest analysis of outcomes and of cost-effectiveness on the road toward meeting the state's higher education needs.

While other agencies and organizations provide periodic impartial analysis of higher education outcomes, the analyses provided by the Board would be unique insofar as they would calibrate the outcomes of all the higher education segments against the Board's ongoing projections of the state's needs. The Board's analyses would allow the Governor and the Legislature to put budget requests and other proposals into context, with options and strategies for addressing state needs that may not emerge from the systems themselves. The colleges and universities themselves would remain independent.

Past efforts to coordinate higher education in California have been ineffective, in part because the agency was dominated by the colleges themselves.

The Board would be composed of individuals who are not beholden to particular institutions. Instead, the colleges' perspectives would be tapped through formal and informal advisory mechanisms. To prevent short-term and partisan issues from distracting the Board:

- the members would be appointed to terms that would span gubernatorial and legislative tenure;
- the Board would be created as a nonprofit public benefit corporation rather than a state agency; and
- the Board's work would be financed by a nominal fee to colleges rather than through annual appropriations.

Policy details

The California Higher Education Investment Board should be established as a new public benefit corporation (California Corporations Code, Title 1, Division 2, Part 2, Nonprofit Public Benefit Corporations).

General responsibilities:

- Develop information to assist state and local policymakers and California consumers in making cost-effective investments in postsecondary education and training to meet the long-term goal of a strong state economy and vibrant communities.
- Arrange for the efficient administration of state student financial aid programs (incorporating the responsibilities of the California Student Aid Commission).

Data and analysis responsibilities:

- Develop and recommend to the Governor and Legislature long-term goals for higher education and related metrics, including credential production by segment, capacity projections and regional variations.
- Monitor and report on progress of long-term goals and the progress of segments and regions toward goals.
- Develop and recommend finance policy to the Governor and Legislature including state appropriations, fee policy and student financial aid.
- Analyze barriers to progress on long-term goals and identify potential solutions.
- 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.
- Develop and carry out policy analysis to inform issues that must be addressed by the Governor, the Legislature, and higher education segments.

Board members and staff:

- Seven members, with seven-year terms (one expiring each year), renewable: three appointed by the Governor, confirmed by the Senate; one each appointed by the Assembly Speaker and the Senate Rules Committee; two additional members selected by the five gubernatorial and legislatively appointed members.
- Board members may not hold official positions or be employed by institutions of higher education.
- Executive officer to be appointed by and serve at the pleasure of the Board; other staff positions hired by the Executive officer.

Funding and authority:

The Board would have the authority to institute a minimal fee charged to institutions, based on enrollment or similar factors. Colleges and universities' access to state scholarship funds is contingent upon the institution providing data necessary for the Board's analytical responsibilities.

California Competes

Higher Education for a Strong Economy

In the second half of the twentieth century, California emerged as an economic powerhouse, the envy not just of other states but of nations. The future of every Californian is dependent

on maintaining that leadership by developing the talent and productivity of Californians through higher education, the keystone of California's diverse economy.

Our colleges, universities and professional training programs have provided the intellectual and technical know-how to make California a hub of innovation and job creation. To remain competitive, we must create better pipelines from the opportunity of college and professional training to advancement in good-paying jobs. We can secure a stronger economy by building a talent pool whose creativity, innovation, entrepreneurship and industriousness match the needs of the 21st century.

Opportunity, creativity, enterprise, efficiency and growth are the hallmarks of economic development and the lens through which California Competes develops non-partisan and financially pragmatic recommendations to improve postsecondary education.

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California Competes: Higher Education for a Strong Economy is a sponsored project of Rockefeller Philanthropy Advisors, Inc.

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This report is available on our website.

June 2012