Chapter 3
Education, Training and Volunteerism

Education and Training

The future of California's economy relies on a skilled workforce. Not only does it require workers with strong literacy, communication, technology, and math skills, but the labor force must also continuously upgrade its skills to keep pace with change. The skills of the workforce have become so critical that employers consider the skill and educational level of the workforce as a major factor in choosing business locations.

California's public education system needs to be aligned with the needs of the state's economy and its labor market. California cannot continue to have a vigorous economy without improving the outcomes of its education system. To support and expand the state's economy, our students must be equipped for all levels and types of employment in California's workforce. Yet, the state's education system, unfortunately, is not adequately addressing the needs of the state's economy, its workforce needs, or the needs of California's businesses.

As California's recent Master Plan for Education noted:

> California's business community is increasingly concerned that California's low performance in state and national testing is occurring during a period in which students are required to have more substantial knowledge, and the ability to apply that knowledge, as well as more technical workplace skills in the post-industrial economy. One major newspaper recently stated, "the ranks of the working poor are also expanding and California is evolving, minute by minute, into a two-tiered society."—*The California Master Plan for Education, 2002, p. 2*

The report went on to offer examples of the challenges facing employers and the state's educational system:

- The 2000 Employment Policy Forum report indicates that as many as 70 percent of students entering the workforce do not have sufficient skills to adapt to the simple writing needs of a business environment.
- The National Alliance of Business reports that a 1998 survey of 430 CEOs of product and service companies, identified in the media as the fastest growing sector of U.S. business over the last five years, found that 69 percent of them reported the shortage of skilled, trained workers as a barrier to growth, up 10 percent from the year before.

> These data are indicative of the huge gap that exists between what many Californians need from their educational system and what they are actually receiving. To date, this gap has been only marginally affected by the many major reforms that have been imposed on our public schools, colleges, and universities since the mid-1980s. It provides stark evidence that a piecemeal approach to reforming education is ineffective. A comprehensive, long-term approach to refocusing education in California is clearly needed and this approach must have a clear focus on improved student achievement.
> *The California Master Plan for Education*, 2002 p. 3

In addition to these concerns, the state's educational system is failing many students as illustrated by the fact that:

- Thirty percent of public high school students fail to graduate and only 19 percent complete a college degree;
- California state colleges and universities have met about half of the increased demand for workers with a bachelor's or more advanced degree; and
- Although California is currently ranked as a national leader in the "new economy" of the 21^{st} century, one of the indicators used in this measure reveals a critical weakness that could jeopardize the state's continued pre-eminence: it is ranked 28^{th} out of the 50 states in workforce education, which measures overall educational attainment of the entire workforce.

The following concrete illustrations underscore the need for changes in the state's public education system:

Too many cooks
Education is state government's biggest job, has the biggest budget, and is the biggest public employer. More than twenty different state agencies establish policies and rules that impact education and workforce preparation systems. But they don't work together. They don't even work for the same officials. The state must synchronize the policies and programs that contribute to the education and preparation of California's workforce. It must reorganize the existing system in order to reduce duplication, align programs, and improve the ability of the state's public schools to produce well educated citizens who can find jobs in a dynamic economy.

Disconnect between the education system and labor market
In California's high tech industries, most new job growth is in occupations that require education and training beyond the high school level. When the education system is not aligned with the labor market, shortages occur. For example, California has an acute shortage of nurses. Nearly 70 percent of California's nursing students are educated at the community colleges, but these programs now have waiting lists of up to three years. A community college

study concluded, "This shortfall will result in a public health crisis. . . . An insufficient supply of trained nurses threatens to jeopardize public health."

The high cost of dropping out

Thirty percent of California's high school students fail to graduate, and the cost to these students and to society is high. People with less than a high school education earn lower incomes and experience more unemployment than those with at least a high school education. In the longer run, California's businesses pay the price when they require skilled, trained workers. The demand for such workers is expected to increase over the next decade.

Slow and costly higher education

Most bachelor degree programs require the completion of 120 semester units, which at 30 units per year allows students to complete their degree in four years. But the average student transferring from a community college completes 157 units, 37 units more than is required for a bachelor's degree—the equivalent of a full year of extra coursework. Why? The state's public universities do not always accept certain credits for other schools' courses. As a result, getting a degree commonly takes more than four years of coursework. In a state where the public higher education system is heavily subsidized, this has an impact not only on students who are eager to complete their degrees and move on with their lives, but also on the state's limited financial resources.

As an initial step to address the challenges that impede the performance and outcomes of the state's education system and to better align the education system with the needs of the state's economy and its employers, the California Performance Review (CPR) offers recommendations in the following three areas: Improved organization and governance at the state level, improved efficiency of the education system, and enhanced preparation of the workforce.

Volunteerism and Community Service

Californians are a giving, service-oriented people. Whether they are coaching Special Olympians, mentoring elementary school students in reading, taking Scouts camping, or engaging in philanthropic giving, Californians willingly share the benefits of living the "golden dream by the sea." Many citizens arrive in California with high hopes for the future. Through their initiative and rugged determination, they often succeed in finding their dreams. Their successes, in turn, imbue them with a desire to help those who are less fortunate or who are in need.

Volunteerism rewards both the volunteer and the beneficiary. Often the service helps many others beyond the initial intended recipients. For example, twenty-six thousand Californians have aligned themselves into a loosely knit confederation of charitable associations to support California State Parks. These volunteers raise over $11 million annually to aid Parks programs across the state. Thousands of Californians and visitors from around the world reap the benefits of this support.

During the Loma Prieta earthquake in 1989, countless volunteers worked side-by-side with firefighters, law enforcement personnel and highway maintenance workers to free the trapped, aid the injured, rescue the lost, clear the rubble and rebuild California in the aftermath of this devastating earthquake.

Recently, San Jose city leaders considered closing a community center in response to budget problems. Local citizens stepped forward asking for the opportunity to keep the center open—staffed with volunteers. These people recognized the value of the services to their community and were willing to contribute so the beneficiaries might continue to be served.

Examples like these are legion, but despite all of the great work done by volunteers in California, there are several roadblocks discouraging those who want to contribute to their communities.

No central coordination of volunteers and duplication of effort
California lacks a central clearinghouse to coordinate volunteers and match them with the needs of government, schools and charitable organizations. People with key skills and a willingness to serve sometimes cannot connect with those who need them the most. In emergency services situations, pre-qualifying volunteers would allow for a faster response in the aftermath of a disaster. Consolidating some of the volunteer organizations within state government would leverage recruitment, training and retention efforts as there is some duplication in how state agencies currently attract and use volunteers. Successful existing programs can model best practices for other state organizations.

Philanthropic giving
There is no synchronized effort to encourage philanthropic activity within the state. An umbrella organization for charitable giving would allow for the coordination of marketing and solicitation efforts for contributions to the state. Rules that govern how gifts to the state are received are complicated and the related procedures and processes are confusing and often discourage both givers and recipients. There is also no central, coordinated list of needs that donors could use to determine where their help might be most needed.

Prevailing wage and employment issues
Interpretation of California's prevailing wage laws discourages organizations from using volunteers for public works projects. The use of any public funds causes the project to be considered a 'public work,' thereby triggering the need to pay the prevailing wage. Volunteers can coexist with paid employees. Unfounded fears of job loss and wage devaluation have led to costly decisions against groups using volunteers. Environmental projects have suffered as a result. In one neighborhood in California, residents organized themselves to pick up trash

around a school site. At first, one of the school's custodians objected, fearing that he would "lose his job." Once he realized that these volunteers had no interest in taking his job, the objections ceased and the refuse on the fence-line that had gone uncollected was picked up.

Volunteers can augment what an organization's employees do. By utilizing volunteers, employees are free to concentrate on their core responsibilities. Volunteers extend the employees' reach; they are not meant to supplant the work they perform.

State and local governments and school districts should be trained in the management of volunteers as a part of this initiative—no volunteer should ever be turned away because no one knew "how to put them to work." Additionally, there is the potential to tap into the state's workforce and encourage volunteerism by enabling state employees to take leave for volunteer activities. The state could also provide a mechanism for "casual" volunteerism and encourage young people to develop the volunteer habit by creating service learning requirements at California's public colleges. Many high schools already encourage service learning and some have made service learning a graduation requirement.

The need for increased volunteerism is greater now than it has ever been in California's history. Government must fix the structures, put new systems into place and change the laws. In this way, organizations will better harness the energies of California's volunteers and marshal their efforts for the benefit of the people of California. Not to do so would be a waste of this tremendous potential contribution.

As First Lady Maria Shriver recently said, "Every Californian can serve their state. Every Californian can strengthen and support this state in invaluable ways. The California Service Corps wants you—each and every one of you—to be proud, to bear responsibility for your state. As Gandhi said, 'The best way to find yourself is to lose yourself in service to others.'"

To begin to address these issues, the CPR recommends:

- **Removing Statutory Impediments to Volunteerism**
- **Requiring Community Service of Public College and University Students**
- **Removing Barriers to the Timely Use of Donations to the State**
- **Creating a Pilot Volunteer Leave Program for State Employees**
- **Restructuring the Governor's Office on Service and Volunteerism**
- **Expanding the Scope of the California Conservation Corps**

ETV 01

Restructure the Role of the Secretary for Education

Summary
More than 20 state-level entities currently set policy or administer programs for education and workforce preparation in California. These efforts are not well coordinated, and often lead to confusion, duplication and conflict within these two critical areas of policy and programs. The state needs a primary point of accountability for the management of both pre-K–20 education and workforce preparation.

Background
The Secretary for Education is a relatively new position in California government where, for more than 150 years, an elected Superintendent of Public Instruction has been the primary spokesperson for education matters. Governor Pete Wilson established the Secretary of Child Development and Education as a new member of the Governor's Cabinet in 1991.[1]

The Governor charged the Secretary for Child Development and Education with presenting recommendations to address the following issues:

- Integration of social, health, mental health, and support services in the schools;
- Establishment of the California School Mentor and Volunteer Corps, the improvement of classroom instruction through individual student and teacher assessment;
- Development of new school reforms, including site-based management and parental choice; and
- Efficient and effective delivery of child development and educational services.

Governor Wilson also ordered the Secretary to consult with the Director of the Department of Finance, the Secretary of Health and Welfare, and other agency and department heads on policy and fiscal recommendations affecting state and local child development and education services and programs. The office of the Secretary, however, has never been formalized in statute, and is not responsible for the administration of programs or funds.[2]

Creation of a new Secretary for Education position added one more entity to an already complex array of agencies, departments and commissions with policy and administrative responsibilities across the education continuum. Over the last century, California's education bureaucracy has grown to include more than 20 state entities responsible for education and workforce preparation policy.[3] State government has no formal mechanisms for coordinating policy and program administration across these entities. As a result, conflicting policies emanate from the state that can hinder efforts to improve education in California.[4]

The elected Superintendent of Public Instruction is a constitutional officer charged with the responsibility of administering elementary and secondary programs in the public schools; implementing the policies of the State Board of Education; and serving as the chief executive officer for the California Department of Education.[5]

Intermittent attention has been paid by existing agencies to the alignment of California's education policies with workforce preparation programs and the needs of employers.[6] As a result, graduates of California schools are not well prepared for high-quality jobs in today's workplace; 30 percent of California high school students do not graduate; 19 percent of 18–24 year olds in the state are unemployed despite their attempts to secure full-time work; and in the California State University system, 37 percent of the freshmen need remediation in math and 48 percent need remediation in English.[7]

Anthony Carnevale and Donna Desrocher (Carnevale and Desrocher, 2002) capture the seriousness of this issue in the following quote.[8]

> "The growing importance of education in overall economic growth and individual opportunity creates two primary economic challenges for education reformers. The first is to meet the need for a greater quantity and quality of human capital necessary to foster overall growth in the new knowledge-based economy. The second is to reduce the growing differences in family incomes by closing the gap between the nation's education-haves and education-have-nots.
>
> Absent reforms that allow us to produce and distribute education cheaper, faster, and better, we may not be able to afford all the education we need to maintain our competitive position or to reduce the widening gap in earnings between the most and least educated. At a minimum, greater efficiency will require a stronger alignment between curriculum and work requirements as well as stronger relationships between educational institutions and employers.
>
> Strengthening the relationship between education and work requirements begins with a stronger focus on the "missing middle" in education policy: the years when academic and applied learning overlap between the completion of basic academic preparation and the completion of occupational or professional training. These are the critical years when young adults begin to mix educational experiences with their growing independence in families and communities, and with their early attachment to the world of work and careers. The missing elements at the critical juncture between education and careers are curricula that effectively mix academics and applied learning as well as institutional relationships that create venues for applied learning and successful transitions from school to school and school to work.

> For most, the missing middle begins early in high school. At this juncture in the education pipeline, more applied curricula become an effective complement to abstract academic pedagogy in deepening knowledge even among college-bound students. Yet, most college-bound students continue their studies by moving up in the hierarchy of academic disciplines taught in isolated silos via abstract methods. At the same time, general academic content is missing from many high school vocational and general education curricula, creating barriers to the achievement of academic standards as well as barriers to access and success in postsecondary education and training programs."

The changing economic and political context in California provides a unique opportunity to cultivate the nexus between pre-K–20 education and workforce preparation. Establishing a Secretary for Education and Workforce Preparation to coordinate education efforts with this focus in mind will yield important results for California's citizens as well as the economy.

Practices in other states

Every state has a chief state school officer who is generally responsible for the supervision of the state's public education system. These individuals usually head the state education agency and direct activities of the agency's professional staff in regulating and supporting the state's public schools. In some states, chiefs are granted limited legislative or quasi-legislative functions if these functions have not been otherwise delegated by the legislature to the state board. The selection of chiefs also varies from state to state. Currently, 36 states have appointed chiefs and 14 states have elected chiefs. In states with appointed chiefs, the appointers are either governors (10) or state boards (26).[9]

State education agencies are generally responsible for the supervision of all educational institutions in a state and the certification of teachers and administrators. Depending on the state, an agency's supervisory activities may also include chartering all educational institutions in the state, including schools, libraries, and historical societies; developing and approving school curricula; allocating state and federal financial aid to schools; and providing and coordinating vocational rehabilitation services.[10]

Governors in several states have appointed a Secretary for Education, the most recent being Florida in 2001. A consistent goal for moving in this direction has been to establish a better coordinated education system that places student learning and success at the center of each state's efforts. A Secretary for Education generally serves as the Governor's chief spokesperson on education matters and plays a critical role in convening education stakeholders for the purposes of coordinating efforts. Very few, if any, states have placed workforce preparation in the title or scope of work of the Chief Education Officer.

Recommendations from the 2002 Master Plan for Education

The 2002 California Master Plan for Education includes the following recommendations regarding a cabinet-level Chief Education Officer:[11]

> Authority over the operations of California's pre-K–12 public education system at large, and ultimate responsibility for the delivery of education to California's pre-K–12 public education students in particular, should both reside within the Office of the Governor. The Office of the Governor should have authority to implement the following functions, as assigned to its various sub-entities by the Legislature:
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> - Apportion resources to schools to support teaching and learning, pursuant to statutory and budgetary direction;
> - Manage the state financial accountability program and school district fiscal audit reviews;
> - Establish education standards and other learning expectations for students and a process for periodic review and modification of those standards and expectations;
> - Adopt K–8 textbooks (a function constitutionally assigned to the State Board of Education); establish developmentally appropriate program and operating standards for early childhood education and require continuity between the academic guidelines, standards and curricula for preschool and kindergarten;
> - Administer school improvement programs; and
> - Promote an understanding of effective uses of data to improve student learning.
>
> The Governor should appoint a cabinet-level Chief Education Officer, to carry out, on behalf of the Governor, all state-level operations, management, and programmatic functions, and to serve as the Director of the Department of Education.

Recommendation

The Governor should restructure the role of the current Secretary for Education. The Secretary should be charged with synchronizing education and workforce preparation and advising the Governor on education policy and programs. The Secretary should report directly to the Governor, and manage a new Department of Education and Workforce Preparation.

The Secretary for Education and Workforce Preparation's strategic goals should be to:

- Develop, implement and disseminate coherent policy for pre K–20 education;
- Ensure that California's education system is coordinated with the growing needs of the state's labor market for skilled, educated workers;
- Ensure the effectiveness and accountability of California's educational programs and their providers; and
- Establish coherent financial policy and performance-based budgeting strategies that are tied to education policy and desired educational outcomes.

The proposed Department of Education and Workforce Preparation differs from the California Department of Education in that it is intended to focus on educational policy across the pre-K–20 continuum; implement higher education policy and programs; and align education with workforce needs. Under the Governor's Reorganization Plan for California State Government, the California Department of Education's focus will continue to be the administration of pre-K–12 programs. The Superintendent will continue to be an elected office, and the Secretary for Education and Workforce Preparation will be the Governor's appointed spokesperson and advisor on education matters. These positions are intended to work in a coordinated manner to ensure that California's pre-K–20 education enterprise works smoothly with respect to funding, program implementation and overarching policy.

Fiscal Impact

The Secretary for Education already exists in state government. Restructuring the role of this office is cost neutral.

Endnotes

1 *Executive Order W-1-91 (January 8, 1991).*

2 *Executive Order W-1-91 (January 8, 1991).*

3 *The following state level entities currently have responsibility for policy or program oversight in education and workforce preparation: Secretary for Education, Superintendent of Public Instruction, State Board of Education, California Department of Education, Commission on Teacher Credentialing, California Postsecondary Education Commission, California Student Aid Commission, Bureau for Private Postsecondary and Vocational Education, University of California, California State University, California Community Colleges, Secretary for Labor and Work force Development Agency, Secretary for Business, Transportation and Housing, Employment Development Department, Employment Training Panel, Department of Industrial Relations, California Work force Investment Board, California Quality Education Commission, California Occupational Information Coordinating Committee, and California Education and Jobs Council.*

4 *Roger Westrup, a school board member from North Natomas Elementary School District, reported during an interview on April 23, 2004, that his district superintendent recently appeared before the district's Board of Trustees to discuss reading guidelines issued by the state. He showed the board directives from the State Board of Education, the Superintendent of Public Instruction, and the California Department of Education that provided conflicting direction regarding implementation of new reading guidelines.*

5 *Educ. C. Sections 33111, 33112, and 33301–33305.*

6 *This theme was mentioned in several interviews including Sunne Wright McPeak, secretary of Business, Transportation and Housing Agency, April 5, 2004; and Vickie Bradshaw, acting secretary of Labor and Work force Development, April 5, 2004; and Assemblymember Jackie Goldberg (April 28, 2004).*

7 *California Business for Education Excellence, "Reaching Higher: Restoring Excellence to California Public Education" (January 2001), www.cbrt.org/pdf/reaching_higher.pdf (last visited May 19, 2004); The National Information Center for Higher Education Policymaking and Analysis, "Public High School Graduation Rates for the Year 2001," http://www.higheredinfo.org/dbrowser/index.php?submeasure=36&year=2001&level=nation&mode=data&state=0*

(last visited April 20, 2004); Steve Gunderson, presentation to the California Community Colleges Board of Governors, March 2, 2004; and California State University, "Proficiency of CSU Freshmen Holds Steady," http://www.calstate.edu/pa/news/2004/proficiency.shtml (last visited April 20, 2004).

8 *Educational Testing Service, "The Missing Middle: Aligning Education and the Knowledge Economy," April 2002, Princeton, New Jersey, p. 5.*

9 *Education Commission of the States, "State Boards/Chiefs/Agencies," http://www.ecs.org/ecsmain.asp?page=/html/IssuesK12.asp (last visited May 12, 2004).*

10 *Education Commission of the States, "State Boards/Chiefs/Agencies," http://www.ecs.org/ecsmain.asp?page=/html IssuesK12.asp (last visited May 12, 2004).*

11 *"California Master Plan for Education," Joint Legislative Committee to Develop a Master Plan, 2002, Sacramento California, pp. 92–93.*

ETV 02

Create an Education and Workforce Council

Summary
California's economy is increasingly dependent on a skilled, educated workforce. The lack of alignment between the state's education system and its economic development efforts has become a critical issue that must be addressed to retain California's economic competitiveness. California needs a forum for the discussion and resolution of cross-cutting policy issues affecting the coordination of education, workforce preparation, and economic development.

Background
California is one of the nation's leading states in the "new economy," a term referring to the economic transformation brought about by the application of cutting-edge technology to industries as diverse as medicine, communications, agriculture, manufacturing and filmmaking.[1] An essential component of the new economy is the use of highly skilled and educated workers who create innovative technological applications and deliver high-end products and services.[2] More than half of California's jobs now require education and training beyond the high school level. Projections show this proportion increasing over the next decade.[3] In short, California's continuing economic competitiveness is increasingly dependent upon the existence of an educated workforce.

This growing demand for skilled, educated labor poses a challenge to California's education system. The same study that ranked California a national leader in the new economy also found it ranked only 28th among the 50 states in overall workforce education.[4] Thirty percent of California's ninth graders do not graduate from high school, and only 19 percent of them graduate with either an associate degree or bachelor's degree within six years.[5] This low ranking in educational attainment of the workforce, a critical component of the new economy, reveals a potential weakness in California's ability to sustain its comparative advantage into the 21st Century.

Between 1970–1990, California's colleges and universities met only half of the growing demand for workers with a bachelors degree or higher. The rest of these workers came from elsewhere.[6] Although California continues to attract people from other states and countries, this has become less of a source of population growth than in the recent past.[7] The combined effects of these demographic and economic changes highlight the necessity of improving California's education system to produce the skilled workforce required to sustain its new economy. Absent such an effort, California faces a future shortage of skilled, educated labor.[8] California business leaders are well aware of this issue, as shown by their comments quoted below.

> At Hewlett Packard we always said we wanted people growing up in California to be educated well enough to work in California—in the well-paying manufacturing and creative jobs that make the tech sector hum. We often had to import skilled labor to fill those jobs . . . It's time California got serious about growing these prosperous workers at home.[9]—*Lewis Platt, former CEO of Hewlett Packard*

> The shortage of qualified employees is the most significant cost driver for California businesses. The business community understands that education is the key to building a prosperous California. That explains why California's business leaders cited improving the quality of K–12 public education as an important policy priority for California's future growth.[10]—*California Business Roundtable*

> Business leaders know the vitality of our economy depends on finding workers with basic skills who can think critically and find creative approaches to solving problems. Too often, California employers are faced to look outside the state—sometimes outside the country—for employees with these skills. In a world where technology reaches into every sector of the economy, businesses have retooled the way they do business. Schools must do the same.[11]—*California Business for Education Excellence*

Because a major function of the education system is workforce preparation, California's public high schools, colleges and universities consider the societal and labor market needs when adding or reviewing their courses.[12] But these educational institutions do not track the overall and ongoing alignment of their programs with the state's economic and labor market needs to assure California's continued competitive advantage. The state's education system can serve its workforce preparation function more effectively if it is synchronized with the state's economic growth and labor market trends.

Recommendations

A. **The Governor should issue an Executive Order establishing an Education and Workforce Council.**

   The purpose of the Council should be to achieve consensus on the vision, goals, and strategies to ensure that California's education system produces the skilled workforce needed for the state's economic development. The Council should provide a forum for discussion and resolution of policy issues on the alignment of education and workforce preparation.

B. **The Council members should be executive leaders from the state's education segments and the cabinet secretary responsible for labor market information studies and workforce development programs.**

The recommended members of the Council include:

- The Secretary of Education, or his or her successor;
- The Secretary of Labor and Workforce Development, or his or her successor;
- Superintendent of Public Instruction;
- President of the University of California;
- Chancellor of the California State University; and
- Chancellor, California Community Colleges.

The Council should be convened by the Secretary of Education. The Council Chair position should rotate among the members. The Deputy Secretary for Workforce Preparation should serve as the chief of staff to the Council.[13] Council members should provide staff support as needed.

C. **The Education and Workforce Council should be responsible for the following:**

- Developing the *Workforce Preparation Strategic Plan* by December 2006, and biennially thereafter.[14] This plan should provide a blueprint of how California will synchronize its education system with economic development plans and improve the supply of an appropriately skilled, educated workforce. The Council should use a broad-based collaborative planning process involving input from key stakeholders. The Council should consider:
  1) Economic and labor market analyses developed by the Employment Development Department's Labor Market Information Division and by the Economic Strategy Panel; and
  2) Best practices from other education and workforce development systems, including other states and countries.
- Recommending to the Governor which programs should receive funding from the Governor's Discretionary Allotment of the federal Workforce Investment Act (WIA). This discretionary allotment is 15 percent of the state's total annual WIA funding. The Council's recommendations should be made by April 1 annually to allow the funding to begin by July 1 of the upcoming fiscal year.
- Participating in the update of the *California Master Plan for Education* and providing policy guidance on emerging issues of workforce development.
- Advising the Secretary of Education about emerging issues impacting the goals and objectives of the *Workforce Preparation Strategic Plan* and the *Master Plan for Education*.

Fiscal Impact

The members of the Education and Workforce Council would serve in an *ex officio* capacity (i.e., by virtue of their office) and receive no additional salary for this responsibility. It is assumed that staff support would be provided by existing state personnel, none of whom are dedicated to Council work.

Endnotes

[1] *The New Economy is discussed and defined in the following report, which also ranks all states using a New Economy Index based on 21 key indicators: Robert Atkinson and Rick Coduri, "The 2002 State New Economy Index: Benchmarking Economic Transformation in the States," Progressive Policy Institute, 2002. Report available at http://www.ppionline.org (last visited April 22, 2004).*

[2] *The critical relationship between workforce education and the New Economy is discussed in the reports by the Progressive Policy Institute cited in note 1 above, as well as in two other sources: Stephen Levy, "Shared Prosperity and the California Economy: Implications for California's Work force Investment System," Center for the Continuing Study of the California Economy, 2001. Available at www.ccsce.com (last visited April 28, 2004). The second is Erin Riches, Delaine McCullough, and Jean Ross, "Maximizing Returns: A Proposal for Improving the Accountability of California's Investments in Economic Development," California Budget Project, January 2002. Available at www.cbp.org (last visited April 28, 2004).*

[3] *Data from the Labor Market Information Division of EDD on the California labor market show that 55 percent of jobs required education or at least moderate-term training in 2002. Labor market projections show this percentage increasing: Steve Gunderson of the Greystone Group made a presentation to the California Community College Board of Governors on March 2, 2004, which included the projection that 75 percent of new jobs over the next decade will require training and education beyond high school. This projection is discussed in greater length in Gunderson's book, co-authored with Robert Jones and Kathryn Scanland, "The Jobs Revolution: Changing How America Works," Copywriters Inc., 2004.*

[4] *"Workforce Education" is a weighted measure of educational attainment (postsecondary degrees) in the workforce. The new economy index for the United States and an explanation of its 21 indicators are published by the Progressive Policy Institute. Available at www.neweconomyindex.org/states (last visited April 28, 2004).*

[5] *"California's Educational Pipeline, 2002" National Center for Public Policy and Higher Education. Website: www.highereducation.org/reports/pipeline/ (last visited May 3, 2004).*

[6] *Julian Betts, "The Changing Role of Education in the California Labor Market." Public Policy Institute of California, 2000, pp. ix, 34–44.*

[7] *Office of the Legislative Analyst, "Perspectives on the Economy and Demographics," "Analysis of the 2004–2005 Budget Bill." February 2004. Available at www.lao.ca.gov (last visited April 2, 2004).*

[8] *The projected shortage of a skilled educated labor force is discussed in multiple sources, including these three: Steve Gunderson, "The Jobs Revolution: How America Will Work," A presentation to the California Community Colleges Board of Governors by the Greystone Group, on March 2, 2004; and "Ladders of Opportunity: A Board of Governors' Initiative for Developing California's New Workforce," California Community Colleges, July 26, 2001; and Ray Uhalde et al., "Towards a National Workforce Education and Training Policy," National Center for Education and the Economy, June 30, 2003. http://colosus.ncee.org/pdf/wfd/Training_Policy.pdf (last visited April 29, 2004).*

[9] *Lewis Platt, "Give All Kids A Head Start," "Sacramento Bee" (March 14, 2004), Section E, p. E1.*

[10] *California Business Roundtable at www.cbrt.org/education.html (last visited May 17, 2004).*

[11] *California Business for Education Excellence, "Reaching Higher: Restoring Excellence to California Public Education" (January 2001) www.cbrt.org/pdf/reaching_higher.pdf (last visited May 19, 2004).*

[12] *Specific examples include: Regional Occupational Centers and Programs consider labor market needs when adding a new program (per Albert Tweltridge, ROCP Administrator, Dept. of Education, interview on May 10, 2004); the Chancellor's Office of the California Community Colleges has published detailed instructions in the "Program and*

Course Approval Handbook" (Second Edition, March 2003), pp. 17–18 and Attachment A; CSU and UC are required to consider "societal needs" such as the statewide or national labor market in the professional field of study, per the California Postsecondary Education Commission program review guidelines.

[13] *This position is established in the Governor's reorganization of state government. The Division of Workforce Preparation is a part of the new Department of Education and Workforce Preparation.*

[14] *This biennial planning cycle should be coordinated with the development of the "California Economic Development Strategic Plan" required by Gov. C. Section 15570.*

ETV 03

Consolidate Selected State Higher Education Agencies

Summary
The California Community College Chancellor's Office, the California Postsecondary Education Commission, the California Student Aid Commission, and the Bureau for Private Postsecondary and Vocational Education should be restructured and consolidated into a single, unified Higher Education Division. This will reduce or eliminate the lack of policy and program coordination and accountability resulting from the overlapping responsibilities of these higher education entities.

Background
Californians typically do not know which state higher education agency to contact when they need information or assistance concerning a higher education matter. For example, the California Postsecondary Education Commission (CPEC) receives hundreds of inquiries annually requesting assistance with student financial aid and institutional quality related matters that are under the purview of other state higher education agencies.[1] Since CPEC is limited in its authority to address these inquiries, it simply re-routes them to the appropriate state higher education agency. This structure results in confusion and agitation for students and members of the public.

According to the National Governors Association (NGA), several states have reorganized their higher education structures within the last seven years. Typically their objective has been to decentralize and deregulate authority to campuses or to build statewide capacity for planning and connecting K–12 with higher education. Some states also reorganized in order to create a community college "system" where none previously existed. The NGA staff noted that the nine states completed a major reorganization of their higher education agencies within the past few years: New Jersey, Connecticut, Florida, Oregon, Georgia, Kentucky, West Virginia, Louisiana, and Indiana. The NGA staff also noted that Alabama, Washington, Mississippi, South Carolina, Oregon, Massachusetts, and New York were all in various stages of considering further reform and reorganization of their statewide higher education statewide governance and oversight structures.[2]

Thirteen states have a single state entity with combined responsibility for higher education planning and coordination, administration of student financial aid, and licensure of non-public postsecondary education institutions similar to that being proposed for the state's Higher Education Division. These 13 states are Alaska, Colorado, Connecticut, Maryland, Massachusetts, Minnesota, New Hampshire, New Mexico, Ohio, South Carolina, Virginia, Washington, and West Virginia.[3]

In addition, the entities in Maryland, Massachusetts, and West Virginia also have responsibility for governing public colleges and universities within their state. All three of these states recently reconfigured their higher education state entities to include these combined functional responsibilities. Massachusetts made their changes in 1996, Maryland in 1999 and West Virginia in 2000.[4]

Master plan for higher education and Little Hoover Commission recommendations

In 1960, the Legislature created the Master Plan for Higher Education defining the missions and goals of California's three systems of public higher education. In 2001, the Master Plan was revised to include a blueprint to guide the development of the full continuum of education. In this revision, the Legislature recommended changing existing and creating new education commissions to evaluate the effectiveness of the state's education policies, improve educational outcomes and enhance coordination.[5]

In March 2000, the Little Hoover Commission (LHC) examined the governance of the state's community college system. It observed that the existing California Community College governance "structure is a hybrid in which authority, responsibility and accountability have become muddled, diminishing the ability of our community colleges—both as a system and individually—to respond to the challenges before them."[6] LHC concluded that the California Community College Board of Governors is "ineffective," in part, because of the present hybrid governance structure.[7]

Incremental consolidation proposed

This consolidation of various state higher education entities into a single, unified Higher Education Division is consistent with the goals and the direction recommended by the Master Plan Committee and the Little Hoover Commission. It includes four key higher education entities, but does not attempt to incorporate the University of California or California State University systems.

This proposal restricts its objectives to addressing the overlapping issues of the following four separate and independent state higher education agencies and offices:

The California Community Colleges Chancellor's Office (CCCCO). This office is the administrative and policy development arm of the California Community College system. Located in Sacramento, this state agency provides leadership and technical assistance to California's 109 community colleges and 72 community college districts. It is also responsible for allocating state funds to the colleges and districts.[8]

The California Community Colleges serve more than 2.9 million students annually, making it the largest system of higher education in the world today.[9] Community colleges offer a wide variety of educational and career goals.

The chancellor's office operates under the guidance of the Board of Governors, which sets policy and provides long-range planning and guidance to the chancellor and his staff.[10] Each of the 72 community college districts in the state has a locally elected Board of Trustees, responsive to local community needs and charged with the operations of the local colleges.[11]

Both the chancellor's office and the Board of Governors were created by legislation passed in 1967 (prior to that, the community colleges fell under the guidance of the State Board of Education).[12] The Governor's proposed 2004–2005 budget for the chancellor's office includes $16.8 million (all sources) for operation expenses and equipment.[13]

The California Postsecondary Education Commission (CPEC). This commission was established by the Legislature in 1974 as the entity responsible for coordinating and conducting long-range planning for postsecondary education in the state and for serving as the state's fiscal and program advisor to the Governor and the Legislature on postsecondary educational policy.[14] CPEC is composed of 16 members appointed by the governor, the legislature, and representatives of California's educational governing boards.[15] The Governor's proposed 2004–2005 operations budget for CPEC is $2.4 million.[16]

The California Student Aid Commission (CSAC). Current law establishes CSAC as the primary state agency responsible for administering state-authorized higher education student financial aid programs.[17] It authorizes the state to participate in the Federal Family Education Loan Program (FFELP), a variety of federally funded student loan programs, and authorizes CSAC to establish an auxiliary organization as a nonprofit benefit corporation for the purpose of providing operational and administrative services for CSAC's participation in FFELP.[18] This auxiliary organization, entitled EdFund, was established in 1997. Current law requires that the operation of the auxiliary organization be conducted in accordance with an operating agreement to be approved, for a period not to exceed five years, by CSAC.[19] CSAC is composed of members appointed by the governor and the legislature.[20] The Governor's proposed 2004–2005 budget for CSAC is $12.7 million.[21]

The Bureau for Private Postsecondary and Vocational Education (BPPVE). The Private Postsecondary and Vocational Education Reform Act of 1989 (the Act) establishes a variety of standards for the regulation of private postsecondary and vocational institutions.[22] Under this Act, BPPVE is charged with approving and regulating private postsecondary and vocational educational institutions located in California. BPPVE is responsible for assessing and collecting fees for its operations, receiving and mediating complaints from the public, and assisting California students suffering financial losses resulting from school closures. BPPVE regulates and approves, or registers, approximately 3,000 institutions. BPPVE is also responsible for approving and supervising education and training programs for veterans, eligible members of the National Guard and the reserves, and other eligible persons.[23] BPPVE is subject to the sunset review process conducted by the Joint Legislative Sunset Review Committee (JLSRC).[24] The Act is set to sunset on January 1, 2005, unless extended by statute.[25] BPPVE has no governing board oversight structure. The bureau operates under the umbrella of the Department of Consumer Affairs. The Governor's proposed 2004–2005 budget for BPPVE is $7.4 million.[26] BPPVE is funded through fees, not the state General Fund.

Strong legislative interest continues to be expressed for better alignment of the policy responsibilities of CPEC and CSAC, better definition of CPEC's functional responsibilities and in the laws regulating California's private postsecondary education institutions. This is demonstrated by the many current legislative proposals related to these issues including Assembly Bills 655, 2923, 1807 and 2457, and Senate Bills 6, 542 and 1544.

Recommendations

A. **The California Community College Chancellor's Office, the California Postsecondary Education Commission, the California Student Aid Commission and the Bureau for Private Postsecondary and Vocational Education should be restructured and consolidated into a single, unified Higher Education Division.**

   The Governor should appoint a Deputy Secretary of Higher Education who will be responsible for the effective management of the Higher Education Division. The Deputy Secretary of Higher Education should report to the Secretary for Education, or his or her successor.

   This condition is not intended to alter or reduce the scope of the current responsibilities of the California Community Colleges Chancellor's Office, but rather to increase the authority and effectiveness of that office.

B. **The Higher Education Division should be responsible for strategic planning for each of the consolidated entities and for coordination of policy, programs, resources and services across these systems.**

   This consolidation will better align and coordinate state policies affecting much of California's higher education efforts and provide specific advantages for California students, the general public, and policymakers. These include: greater efficiency in state operations stemming from a single state-level division rather than a series of separate state boards, commissions, and other entities; a single point of contact to address questions and concerns relating to postsecondary education institutions and student financial aid programs; incorporation of student financial aid policy, planning, and delivery into a single, unified state division; integration of databases to better inform postsecondary education policy development and funding decisions; greater statewide direction and coordination of the California Community Colleges system in order to better address the state's education and workforce needs; and increased alignment of the public and private sector resources in overall state education planning.

C. **Responsibilities for the approval of educational programs for veterans currently administered by the Bureau of Private Postsecondary and Vocational Education should be transferred to the Department of Veterans Affairs, or its successor.**

Fiscal Impact

Savings in the General Fund and in special funds are expected to be realized through the consolidation of the entities specified above. It is assumed that implementation will be effective July 1, 2005 to provide sufficient time for implementation of the recommendations. About $1.5 million ($750,000 General Fund) in savings are anticipated during the first year due to various personnel, existing lease agreements, and other contractual limitations. Beginning in Fiscal Year 2006–2007, the consolidation is estimated to generate total annual savings of approximately $3 million ($1.5 million in General Fund).

Potentially, savings generated from the Guaranteed Student Loan Reserve Fund could be used to offset other state General Fund expenses associated with student financial aid programs and generate additional General Fund cost savings that are not reflected in this fiscal impact assessment.

General Fund
(dollars in thousands)

Fiscal Year	Savings	Costs	Net Savings (Costs)	Change in PYs
2004–05	$0	$0	$0	0
2005–06	$750	$0	$750	(9)
2006–07	$1,500	$0	$1,500	(18)
2007–08	$1,500	$0	$1,500	(18)
2008–09	$1,500	$0	$1,500	(18)

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

Other Funds
(dollars in thousands)

Fiscal Year	Savings	Costs	Net Savings (Costs)	Change in PYs
2004–05	$0	$0	$0	0
2005–06	$750	$0	$750	(9)
2006–07	$1,500	$0	$1,500	(18)
2007–08	$1,500	$0	$1,500	(18)
2008–09	$1,500	$0	$1,500	(18)

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

Endnotes

1 *California Postsecondary Education Commission (CPEC), "CPEC Supports Assembly Bill 655: Consolidation of State Higher Education Agencies" (July 8, 2003).*

2 *E-mail from Kristin Conklin, senior policy analyst, National Governors Association to California Performance Review, (April 13, 2004).*

3 *Education Commission of the States, "Postsecondary Issues," http://www.ecs.org/ecsmain.asp?page=/html/issuesPS.asp (last visited April 29, 2004).*

4 *Education Commission of the States, "Postsecondary Issues."*

5 *Joint Committee to Develop a Master Plan for Education, "The California Master Plan for Education" (2002), p. ix.*

6 *Little Hoover Commission, "Open Doors and Open Minds: Improving Access and Quality in California's Community Colleges" (Sacramento, California, March 2000), p. xii.*

7 *Little Hoover Commission, "Open Doors and Open Minds: Improving Access and Quality in California's Community Colleges," p. 73.*

8 *California Community Colleges Chancellor's Office, "About Us," http://www.cccco.edu/about/about.htm (last visited April 29, 2004).*

9 *California Community Colleges Chancellor's Office, "Home Page," http://www.cccco.edu/ (last visited April 29, 2004).*

10 *California Community Colleges Chancellor's Office, "About Us."*

11 *Educ. C. Section 70902.*

12 *California Community Colleges Chancellor's Office, "About Us."*

13 *Department of Finance, "Governor's Budget 2004–05," Summary by Object State Operations (Sacramento, California, January 2004), p. E 87.*

14 *Educ. C. Section 66010.6.*

15 *Educ. C. Section 66901.*

16 *Department of Finance, "Governor's Budget 2004–05," p. E 44.*

17 *Educ. C. Section 66010.6 (b).*

18 *Educ. C. Section 69522.*

19 *Educ. C. Section 69522.*

20 *Educ. C. Section 69510.*

21 *Department of Finance, "Governor's Budget 2004–05," pp. E 104–105.*

22 *Educ. C. Sections 94301 and 94705, et seq.*

23 *Bureau for Private Postsecondary and Vocational Education, home page, http://www.bppve.ca.gov (last visited April 29, 2004).*

24 *Educ. C. Section 94990.*

25 *Educ. C. Section 94999.*

26 *Department of Finance, "Governor's Budget 2004–05," p. SCS 53.*

ETV 04

Restructure California's Teacher Credentialing Agency

Summary
The California Commission on Teacher Credentialing (CTC) operates independently from the State Board of Education, the Superintendent of Public Instruction, and the Secretary for Education, which creates policy conflicts. The Commission is supported by fee revenues. These revenues have been unstable in recent years, because several statewide policy initiatives decreased the numbers of teachers applying for particular types of licenses and permits. Measures should be taken to improve policy coordination among these agencies, stabilize CTC's funding, and improve its budget preparation and other business processes.

Background
In 1970, the California Legislature and Governor created CTC, the first permanent, independent standards commission in the nation designed to strengthen the effectiveness of teachers and teacher education.

CTC employs an executive director and 170 staff. CTC's operations are supported through the licensure fees deposited to the Teacher Credentials Fund, and examination fees related to licensure which are deposited to the Test Development Administration Account. These revenues provide funding to support the functions and services of CTC, including:

- *Certification, Assignment and Waivers Division:* Responsible for evaluating and processing applications for credentials and providing technical assistance to credential applicants and other constituents.
- *Professional Practices Division:* Responsible for reviewing and monitoring the fitness and professional conduct of credential applicants and holders.
- *Professional Services Division:* Responsible for developing educator preparation standards, accrediting preparation programs, administering teacher examinations, and implementing of state-funded teacher recruitment and retention grant programs.
- *Administration:* To support the programs and operations of CTC by providing leadership, technical expertise and services in the areas of personnel, governmental relations, financial management, business and facility operations, contract administration and information technology.

CTC operates independently from the State Board of Education, the Superintendent of Public Instruction, the Secretary for Education and other entities involved in statewide education policy and programs. Though subject to control agency oversight, the executive director reports to and serves at the pleasure of CTC itself, not the Governor as is the case with many other agencies in state government.[1]

This independent structure has led to conflict with other policy-making bodies in the past over major initiatives, such as *No Child Left Behind* and other issues that impact educator licensure and public school policies and programs.[2]

Various stakeholders and legislators have advocated in recent years for CTC to be consolidated with the Department of Education under the Superintendent of Public Instruction.[3] Teacher associations at the state and national levels, on the other hand, have adopted policies in support of the creation and maintenance of independent standards boards as a matter of the profession governing itself. Fifteen states have established such bodies, and the National Education Association has launched a national campaign to establish boards in every state.[4] To ensure coherence in public education policy, it is essential that the work of CTC be effectively coordinated with the Governor's other policy efforts in education and workforce development.

CTC's revenue problem

CTC collects a $55 fee for every credential application that it processes. Therefore, CTC's revenue structure is dependent upon application volumes that can fluctuate substantially from one year to the next based on a changing policy context. For example, class size reduction in 1996 resulted in a significant increase in the numbers of emergency permits issued by CTC. In 1999–2000 alone, CTC issued 34,309 of these permits, which are renewed annually for up to five years.[5] All other credentials are renewed every five years. Prior to class size reduction, CTC issued approximately 12,000 emergency permits per year.[6]

The Federal *No Child Left Behind Act*, enacted by Congress in 2001, called for the elimination of emergency permits. As a result of *No Child Left Behind*, and the pressure this initiative places on school districts to hire fully credentialed teachers, CTC is experiencing a sharp decline in the numbers of applicants for emergency permits, which dropped by 13,726 between 1999–2000 and 2002–2003.[7] Class size reduction resulted in a $1 million increase in revenues, and eliminating emergency permits resulted in a $1 million decrease in revenues, which has negatively affected CTC's ability to maintain stability and fulfill its statutory requirements.

CTC's annual credential fee revenues are decreasing as the number of individuals needing to apply for credentials annually decreases. To cover a shortfall for Fiscal Year 2003–2004 in the Teacher Credentials Fund, CTC borrowed $2.9 million from its Testing Development and Administration Account.[8] The Test Development and Administration Account reserve is projected to be $5,076,000 in FY 2004–2005.[9] These funds are used by CTC to cover the costs of validation studies for its testing programs, and may not be used to cover a shortfall in the credentials account without express authorization from the Department of Finance.

At $55 every five years, the credential fee for education professionals in California is below the average for other professions. Accountants, for example, pay $250 for their initial license and $250 every five years for renewal, while lawyers pay $446 and automotive repair professionals pay $200 for initial licensure.[10] Education professionals in other states pay, on average, $60 every five years for their license, though the fees range from $0 in Arkansas to $300 in Connecticut.[11]

Although CTC has authority to adjust the credential fee up to a cap of $70, it has not done so, even in the face of a serious shortfall that has resulted in the elimination of positions, suspension of one of its critical mandates and a loan from its testing account.[12] The Department of Finance is also required by statute to review the fee annually and recommend a fee that covers CTC's operations and maintains a prudent 10 percent reserve, yet it has not done so.[13] The Governor's FY 2004–2005 Budget for the Teacher Credentials Fund is based on a credential fee of $55 and allows for a reserve of less than one percent of CTC's approved expenditures in this fund. Anticipating a reduction in applications, projected revenues and expenditures for FY 2004–2005 are $3 million lower than they were in FY 2003–2004.[14]

While a reduction in application volume may shorten processing time, the number of applications in-house and the fact that key aspects of the operation, such as accreditation, standards setting, and administration, are not driven by application volume, suggest that workload across the agency will remain constant. Had the credential fee been raised to $70 for FY 2003–2004, CTC would not have had to borrow from its testing account, would have sufficient revenue to cover all operations and would have had funds to contribute to a reserve as required by law.

To address its current revenue shortfall, CTC has implemented a variety of efficiencies and cost savings measures as described below.

Processing of credentials

CTC processes approximately 235,000 applications per year. Of these, approximately 20 percent are recommended by an accredited institution, 50 percent are renewals of existing credentials or permits, and the remaining 30 percent are specialized permits or applications from teachers credentialed outside California. At any given time, CTC's certification division may have between 45,000 and 66,000 applications in-house waiting for processing.[15] Applications must be processed within 75 days, pursuant to regulation.[16] It is challenging for CTC to provide sufficient staff to manage a workload that ebbs and flows from month to month while staying within the 75-day limit.

Applications submitted by accredited institutions are processed without an academic review, since the institutions that recommend candidates for credentials conduct a thorough review prior to submission. Applications for renewal are reviewed for moral fitness, but not for compliance with credential renewal requirements. One out of every 10 applications that are processed without academic review is audited by Commission staff. Approximately 30 percent of the applications that come in require careful, individualized analysis and processing.[17]

CTC has a major technology project underway that will allow credential applications to be submitted online, which should substantially reduce the time it takes to process credentials. CTC staff does not collect detailed cost data related to the processing of credentials, and are thus unable to estimate the savings that might be incurred. Credential renewal applicants who renew online, however, receive their credentials within 10 days, while other applicants wait up to 75 days for their credentials. Since processing time has been a major complaint of constituents and the Legislature, this efficiency shows great promise. Though online applications take less time to process, these applicants pay two dollars more for credential renewal than their counterparts who submit paper applications to cover the bank transaction fees charged for each credit card payment.[18]

In some states the difference in processing requirements is reflected in a difference in the fee. In New York, for example, applications from candidates recommended by an accredited institution of higher education cost the applicant $50, while applications submitted directly by the candidate, which require substantive review by the licensing agency, cost $100.[19] In California, the Legislature and Administration have adopted the policy that all credential holders support the licensing, discipline, preparation standard setting and institutional accreditation functions of the profession.[20] As a result, the credential fee is set at the same level for all types of applicants, except online applicants, who pay $2 more for credit card processing.

Accreditation of institutions that prepare educators

One of the cost-savings measures implemented by CTC beginning in FY 2002–2003 is the suspension of accreditation visits to institutions that prepare candidates for credentials.[21] Prior to 2002–2003, CTC visited approximately 15 institutions per year with teams of experts to conduct on-site evaluations of their programs. CTC allocated approximately three personnel years and spent between $200,000 and $300,000 per year on travel and per diem for accreditation team members.[22] In most other states, the institutions that undergo accreditation pay for some or all of the costs associated with this activity.[23] The Legislative Analyst's Office in 1985 recommended that CTC begin to charge institutions for these costs, but CTC did not implement this recommendation.[24] Just under half of the institutions that prepare educators are public, so charging these institutions for accreditation would have an indirect impact on the state's General Fund. Since CTC does not review the substance of applications from institutions which it accredits, suspension of accreditation activities undermines the credibility of the credential and represents a serious breach in the credentialing system.

In April 2004, the Bureau of State Audits was directed by the Joint Legislative Audit Committee to conduct an audit of the effectiveness and efficiency of CTC in meeting its mandates.[25] Scheduled to begin in late May and conclude in the fall of 2004, the scope of the audit includes the laws, rules and regulations that govern CTC, as well as the full range of procedures in which it engages in the fulfillment of these requirements. This audit should shed some light on these issues and suggest strategies for improvement.

Recommendations

A. **To ensure greater coordination of education policy and programs, the Governor should work with the Legislature to shift the Commission on Teacher Credentialing's (CTC) authority to appoint its executive director and staff to the Secretary for Education or his or her successor. CTC itself should be retained as an independent standards board for the education profession with its members appointed by the Governor.**

   This shift in authority will establish clearer lines of accountability and ensure greater coherence in public education policy. Maintaining the independent standards board would reflect the state's commitment to preserving the professional nature of the education profession.

B. **Through the Office of the Secretary for Education, or his or her successor, the Governor should direct CTC to implement a performance-based budgeting system beginning in FY 2004–2005. The Governor should also direct the Secretary for Education to review CTC's budget annually to ensure that its workforce is aligned with its workload.**

   This system will result in the development of performance standards and objectives for CTC as well as effective mechanisms for measuring and reporting CTC's performance annually. The Secretary and CTC should use the 2004 audit findings to implement greater efficiencies within the agency and define performance standards. Part of this process should involve collecting detailed data regarding the costs of all operations, including the processing of credentials.

C. **The Secretary for Education, or his or her successor, should ensure that the credential fee is set at a level that is adequate to cover the actual costs of CTC activities and ensure a prudent reserve. When the 2004 audit has been completed and performance objectives established, the Secretary should work with CTC to set the fee at a level that will support fulfillment of its mandates and restore a prudent reserve as soon as practicable within the parameters established in statute.**

D. **To shorten the time it takes to process a credential, CTC should work with institutions to develop their capacity to submit credential applications online. Beginning in FY 2005–2006, CTC should require all applications coming from institutions to be submitted online. The technology project that is currently underway should be evaluated and further developed to accommodate this automation of workload.**

   Since CTC staff currently enters application data into a database, having that data entered by the institutions would reduce workload in this area. There would be a concomitant need to monitor and provide training and technical assistance to institutions, so CTC might not realize savings from this shift in the first year.

E. **CTC should provide an incentive for credential holders to renew their credentials online by setting a higher fee for applicants who do not use the online service. There is precedent in other states for establishing a sliding fee schedule for applications that require more processing time.**

F. **The Governor, through the Secretary for Education or his or her successor, should direct CTC to resume accreditation visits in FY 2004–2005. The Governor should direct the Department of Finance or its successor to authorize CTC, as necessary, to charge institutions for the costs of accreditation.**

The accreditation function plays a critical role in establishing the basis for the issuance of credentials and monitoring the quality of educator preparation for the state. Suspension of this activity undermines the system in a manner that is serious, making the need for a fiscal remedy critical.

Fiscal Impact

A. It is anticipated that consolidation of CTC's administration and program units with the Secretary for Education will result in estimated savings in the Teachers Credentials Fund of $686,242 (11 personnel years (PYs)) beginning in FY 2005–2006.

Teacher Credentials Fund
(dollars in thousands)

Fiscal Year	Savings	Costs	Net Savings (Costs)	Change in PYs
2004–05	$0	$0	$0	0
2005–06	$686	$0	$686	(11)
2006–07	$686	$0	$686	(11)
2007–08	$686	$0	$686	(11)
2008–09	$686	$0	$686	(11)

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

B. It is assumed that implementation of a performance-based budgeting system and annual review of CTC's budget will result in no additional costs.

C. If the 2004 audit finds that no changes in practice are indicated and that CTC's workforce is aligned with its workload, then CTC staff suggest that a $5 fee increase will be necessary. Such an increase will generate an estimated additional $1.17 million annually in revenue to the Teachers Credentials Fund. Only a partial year revenue gain is estimated for FY 2004–2005 to provide sufficient time for implementation of the recommendation.

D and E. Due to the lack of existing cost data, the actual amount of savings associated with implementing these recommendations cannot be determined. If, however, CTC can reduce its costs for credential processing by 25 percent due to automation, about $166,000 (2 PYs) in annual savings to the Teacher Credentials Fund could be realized beginning in FY 2005–2006.

F. Improvements in the credentialing system achieved through recommendations A–E may make charging for accreditation unnecessary. To the extent that charging is necessary, there are at least two options to consider. Option 1 is to charge institutions for the actual costs of accreditation. Option 2 is to charge institutions a flat rate for accreditation.[26]

Option 1: Charge the institutions for the actual costs of accreditation.
Under this option, the costs of accreditation now funded by teacher credentialing fees would be funded by the institutions receiving accreditation visits. Institutions would be charged the actual costs of accreditation. As a result of this change in funding, an estimated $265,000 annually could become available for other teacher credentialing-related activities through the Teacher Credentials Fund. The total estimated costs to public institutions, which are supported with state General Fund monies, would be about $124,000 per year for accreditation visits. The General Fund impact could be decreased to the extent that institutions build accreditation costs into campus-based fees.

Teacher Credentials Fund (TCF) and General Fund
(dollars in thousands)

Fiscal Year	TCF Available Revenue	TCF Costs	TCF Net Available Revenue (Costs)	General Fund Net Savings (Costs)	Change in PYs
2004–05	$250	$0	$250	($124)	0
2005–06	$265	$0	$265	($124)	0
2006–07	$265	$0	$265	($124)	0
2007–08	$265	$0	$265	($124)	0
2008–09	$265	$0	$265	($124)	0

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

Option 2: Charge institutions a flat rate annually for accreditation.

Under this option, the costs of accreditation now funded by teacher credentialing fees would be funded by a flat fee charged to institutions receiving accreditation visits. As a result of this change in funding, an estimated $265,000 annually could become available for other teacher credentialing-related activities through the Teacher Credentials Fund. The total estimated costs to public institutions, which are supported with state General Fund monies, would be $97,000 annually.

Teacher Credentials Fund (TCF) and General Fund
(dollars in thousands)

Fiscal Year	TCF Available Revenue	TCF Costs	TCF Net Available Revenue (Costs)	General Fund Net Savings (Costs)	Change in PYs
2004–05	$250	$0	$250	($97)	0
2005–06	$265	$0	$265	($97)	0
2006–07	$265	$0	$265	($97)	0
2007–08	$265	$0	$265	($97)	0
2008–09	$265	$0	$265	($97)	0

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

Endnotes

1 *Educ. C. Section 44220.*

2 *Board of Education, "Final Minutes" (Sacramento, California, February 5–6, 2003), p. 6; Board of Education, "Final Minutes" (Sacramento, California, March 12–13, 2003), pp. 7–8; Board of Education, "Final Minutes" (Sacramento, California, April 9, 2003), pp. 6–7; Board of Education, "Final Minutes" (Sacramento, California, May 7–8, 2003), p. 10; and the No Child Left Behind Act of 2001, Pub. L. 107–110.*

3 *Assembly Bill 791 (Pavley), Sacramento, California, 2003; and interview with California Teachers Association representatives, Sacramento, California (May 17, 2004).*

4 *National Education Association, "Report on the Status of Professional Boards of Teaching in the United States" (Revised) (Washington, D.C., March 2003), pp. 2–3.*

5 *California Commission on Teacher Credentialing, "2002–2003 Annual Report: Emergency Permits and Credential Waivers" (Sacramento, California, May 2004), p. 5.*

6 *Interview with Dale Janssen, director, Certification, Assignments and Waivers, California Commission on Teacher Credentialing, Sacramento, California (May 25, 2004).*

7 *California Commission on Teacher Credentialing, "2002–03 Annual Report: Emergency Permits and Credential Waivers," p. 5.*

[8] *Educ. C. Section 44235.2(e). Pursuant to Section 44235.1(e), the Department of Finance may authorize a loan from the Test Development and Administration Account to the Teacher Credentials Fund if the funds available in the Teacher Credentials Fund are insufficient to meet the operational needs of the commission.*

[9] *Department of Finance, "Governor's Budget 2004–05," Fund Condition Statement (Sacramento, California, January 2004), p. E 41.*

[10] *California Board of Accountancy, "Licensing Fees," http://www.dca.ca.gov/cba/fees.htm (last visited 6/21/04); and the Committee of Bar Examiners, "Schedule of Fees," http://www.calbar.ca.gov/calbar/pdfs/admissions/feeschedule1003.pdf (last visited 6/21/04); and Bureau of Automotive Repair, "Application for Automotive Repair Dealer Registration," http://smogcheck.ca.gov/ftp/pdfforms/r-1.pdf (last visited 6/21/04).*

[11] *The National Association of State Directors of Teacher Education and Certification (NASDTEC), "NASDTEC Manual on the Preparation and Certification of Educational Personnel, 8th Edition" (Mashpee, Massachusetts, 2003), pp. C2–C5.*

[12] *Educ. C. Section 44235.*

[13] *Educ. C. Sections 44234 and 44235.*

[14] *Department of Finance, "Governor's Budget 2004–05," pp. E 41.*

[15] *Interview with Dale Janssen.*

[16] *California Code of Regulations, Title 5, Section 80443.*

[17] *Interview with Dale Janssen.*

[18] *California Commission on Teacher Credentialing, "Leaflet Number CL-659," www.ctc.ca.gov/credentialinfo/leaflets/cl659.html (last visited June 25, 2004).*

[19] *The National Association of State Directors of Teacher Education and Certification (NASDTEC), "NASDTEC Manual on the Preparation and Certification of Educational Personnel, 8th Edition," p. C5.*

[20] *Legislative Analyst's Office, "A Review of Funding Alternatives for the Commission on Teacher Credentialing" (Sacramento, California, December 1985), p. 20.*

[21] *California Commission on Teacher Credentialing, "Proposed Operational Efficiencies to Address Budget Concerns" (Sacramento, California, June 3, 2004), pp. 1–2.*

[22] *Interview with Dr. Lawrence Birch, administrator, Accreditation with the California Commission on Teacher Credentialing, Sacramento, California (May 7, 2004).*

[23] *The National Association of State Directors of Teacher Education and Certification (NASDTEC), "NASDTEC Manual on the Preparation and Certification of Educational Personnel, 8th Edition," pp. I64–65.*

[24] *Legislative Analyst's Office, "A Review of Funding Alternatives for the Commission on Teacher Credentialing," pp. 2–3.*

[25] *California State Auditor, Analysis of Audit Request 2004-108 (R) (Sacramento, California, April 19, 2004).*

[26] *Interview with Dr. Lawrence Birch. These cost estimates were obtained from Dr. Lawrence Birch.*

ETV 05

Regionalize K–12 Educational Infrastructure

Summary

California's educational infrastructure includes a county superintendent of schools, a county board of education, and a county office of education in each of the state's 58 counties. No other state has a similar structure; in fact, well over one-third of the states have no educational governance structure at all between the state and local school districts.[1] The kind and quality of services, programs and oversight these offices provide, as well as the resources committed to them, vary significantly across counties. While the size and population of California may require some intermediate level linking the 1,000-plus local school districts with the California Department of Education, a regional—rather than a county—system will better serve state citizens at lower cost.

Background

The county superintendent of schools has long been part of California's history. In 1849, the original California State Constitution established that the county assessor act as a superintendent of schools *ex officio* with primarily fiscal duties. In 1852, the Common School Act created the office of the county superintendent of schools, and in 1856, the office with an expanded set of duties was made elective as a position of county government. The revised California State Constitution established the position of county superintendent of schools as an elected constitutional office in 1879 (Article 9, Section 3). In 1976, the Legislature provided that the county superintendent of schools could be elected or appointed by the county board of education and that two or more counties could vote to establish a joint county board of education and joint county superintendent (Article 9, Section 3.2).[2]

In addition to the provisions in the Constitution regarding the county superintendent of schools, the California Education Code spells out the roles and responsibilities for county superintendents (Chapter 2, Section1200–1350) and for county boards of education (Chapter 1, Sections 1000–1090). The governance structure for public schools includes district level entities (a superintendent, a school board and a district office) as well as county level entities (a county superintendent, a county board of education, and a county office of education). The relationships between district and county level superintendents and boards vary from one county and district to another. The authority of a county superintendent over district level activities is limited to budget oversight. County boards also have a very limited scope of authority over school districts. Parents may appeal expulsion decisions made by school district boards of trustees to county boards of trustees.[3]

Fifty-three of California's counties have both elected county superintendents and elected county boards of education. Four counties have appointed superintendents and elected boards, while Los Angeles County has an appointed superintendent and a county board of education appointed by the county board of supervisors.[4] Seven counties are known as single district counties; they each have only one district, which consists of the county office of education combined with a conventional district.[5] The county superintendent thus serves in a dual role as the district superintendent.

Other states

The governance structures in the other states vary widely, as indicated by the following information collected by Education Commission of the States.[6]

- In 18 states, there are no regional or county superintendents;
- In three states the county superintendent is elected;
- In three states the county superintendent is appointed;
- In 26 states, there are appointed regional or intermediate (not county) superintendents (or the equivalent);
- In 20 states there are no regional or county boards of education;
- In two states county boards are elected;
- In nine states regional boards are elected; and
- In 10 states, boards are appointed.[7]

Classification according to size

For the purposes of principal apportionments, the California Department of Education classifies counties based on average daily attendance (ADA) in the public schools in those counties.[8] The distribution of counties across these classifications are as follows:

- Class I: one county has an ADA of 750,000 or more;
- Class II: 10 counties have an ADA of 140,000 to 749,999;
- Class III: nine counties have an ADA of 60,000 to 139,999;
- Class IV: seven counties have an ADA of 30,000 to 59,999;
- Class V: 10 counties have an ADA of 15,000 to 29,999;
- Class VI: six counties have an ADA of 7,000 to 14,999;
- Class VII: 13 counties have an ADA of 1,000 to 6,999 ADA; and
- Class VIII: two counties have an ADA of 203 to 999 ADA.[9]

Geographical classification

California's county superintendents have a statewide network called the California County Superintendents Educational Services Association, or CCSESA, whose mission is "to strengthen the service and leadership capabilities of California's 58 County Superintendents in support of students, schools, districts, and communities."[10] The superintendents are organized into the following 11 regional entities:

- North Coast (Del Norte, Humboldt, Mendocino, Lake, and Sonoma counties);

- Northeastern (Siskiyou, Modoc, Trinity, Shasta, Lassen, Tehama, Plumas, Butte, and Glenn counties);
- Capital (Colusa, Yolo, Sutter, Yuba, Sierra, Nevada, Placer, El Dorado, Sacramento, and Alpine counties);
- Bay (Marin, Napa, Solano, Contra Costa, Alameda, San Francisco, and San Mateo counties);
- South Bay (Santa Clara, Santa Cruz, San Benito, and Monterey counties);
- Delta Sierra (Amador, San Joaquin, Calaveras, Tuolumne, and Stanislaus counties);
- Central Valley (Merced, Mariposa, Madera, Fresno, Kings, and Tulare counties);
- Costa del Sur (San Luis Obispo, Kern, Santa Barbara, and Ventura counties);
- Southern (Orange, San Diego, and Imperial counties);
- RIMS (Riverside, Inyo, Mono, and San Bernardino counties); and
- Los Angeles (Los Angeles county).

Funding
County offices of education in California are funded from numerous sources: state aid, local property taxes and fees, federal revenues, other state revenue including the lottery, other local revenues, and fees for service. The budgets for county superintendents/offices of education in Fiscal Year 2003–2004 totaled approximately $4.4 billion.[11] State aid funding is less than 10 percent of county office funding overall, although the variables accounting for the difference vary widely by county. According to a FY 2002–2003 revenue summary compiled for CCSESA by the Imperial County chief business officer, 87 percent of total revenues received statewide are restricted funds, that is, they must be spent on specific programs and services, and approximately 13 percent are unrestricted. The percentage of restricted versus unrestricted funding varies considerably among counties. The Alpine County Office of Education, for example, receives only 1.8 percent of its budget in restricted funds and 98.2 percent in unrestricted funding. Total revenue for the Sutter County Office of Education, on the other hand, has 93.2 percent in restricted funds and 6.8 percent in unrestricted funds.[12]

Services
Regardless of their size, location or funding, county superintendents and their county offices of education are meant to link local schools and communities with the larger vision of the state and to provide a support infrastructure of student, instructional and administrative services. Many of these services are permissive, that is, county offices of education may provide but are not required to offer them. On the other hand, the following duties are mandated by state law to county superintendents:

- Superintend the schools of his or her county;
- Maintain responsibility for fiscal oversight of school districts in the county;
- Visit each school to observe operations and learn problems;
- Distribute all laws, reports, circulars, instructions;
- Report to school district boards and State Superintendent of Public Instruction (SPI) on fiscal solvency;

- Maintain reports from SPI;
- Keep record of official acts and of all proceedings of the county board of education and of all applicants for certificates;
- Enforce course of study;
- Enforce use of state textbooks;
- Preserve all reports of school officers and teachers;
- Submit reports to county board on fiscal solvency of county office;
- Report to Commission on Teacher Credentialing any certificated person who reports false fiscal expenditure data; and
- Submit attendance reports to the SPI.[13]

Perhaps the most important responsibility given county superintendents is fiscal oversight of their local school districts. In 1991, Assembly Bill 1200 (Chapter 1213, Statutes of 1991) established a system for school district accounting practices that specifies how districts must track and report their revenues and expenditures. This law requires that districts project their fiscal solvency two years out and provide the state twice a year with financial interim reports that have been approved by the local school board. County superintendents were made responsible for monitoring and providing technical assistance to the districts under their purview.[14]

Together with these mandated functions, there are numerous permissive services that county superintendents may provide at the request of local school districts, generally for a fee for service.

Reasons for change

The services that county offices provide vary enormously according to the size and type of districts within their purview, the geographical location and size of the county and the special needs of students that are not met by the districts. This variability makes it difficult to compare counties and the services they provide. The districts' appraisal of the extent and quality of these services is even harder to demonstrate. But as districts grow larger or disaffected with their county superintendents and offices of education, they often assume responsibility for programs previously offered by the county.

Declining enrollments may be another reason for rethinking the role and structure of county offices. While there may be unprecedented growth in many areas of the state, other geographic regions are experiencing dramatic declines in enrollment. As of 2001, nearly 400 districts were experiencing declining enrollments, and measured another way, 17 out of 58 counties had declining enrollment.[15]

A multitude of factors has led to serious questions about the need for an educational governance structure based on county lines, rather than another model that may serve students as well for less cost. These factors include the following:

- little comparability to other states;
- county superintendents of education and offices in every county in California;
- the sheer size, number and configuration of counties in California;
- the number of single district counties;
- the number of counties with fewer than 6,999 average daily attendance;
- the variability of services provided;
- concerns about fiscal oversight; overall costs; and
- declining enrollments in some counties and school districts, coupled with the state's current economic straits.

Previous reviews

A number of other studies and initiatives have recommended changes to or the complete elimination of county superintendents, boards and their respective offices. One educator recently wrote to Governor Arnold Schwarzenegger and described county offices as "vestigial organs whose time has passed."[16] Several years ago, the Commission of California State Government and Economy recommended that the role of county offices be redefined or the offices abolished.[17] At the same time, the Legislative Analyst's Office made a similar recommendation. Grand jury panels have urged educational reforms at the county level.[18] A proposal on reinventing government, written for the Pacific Research Institute, examined the role played by county offices of education and pointed out that they were originally created to achieve economies of scale but had grown into substantial bureaucracies in their own right.[19] The California Constitution Revision Commission recommended that constitutional references to county superintendents and county boards of education be deleted and that school districts organize area-wide services in a manner most effectively and efficiently meeting their needs.[20]

Perhaps the most important assemblage to turn its attention recently to the issue of county education governance was one of the groups working to prepare a new California Master Plan for Education. The Governance Working Group, with representatives from K–12, higher education and professional associations, came to tentative agreement in October 2001 on the following conclusions:

- Replace the constitutional provision that provides for 58 county offices with a provision that establishes a regional intermediate system and leaves the details of that system to statute, or delete the constitutional reference to 58 county offices and create a regional system entirely by statute;
- List in statute what the state requires regional units to do; and
- Specify in statute the services the regional units are authorized to provide and that they are the primary agencies to provide these services if there is a need.

These recommendations did not survive in the Master Plan, however, as no consensus was eventually reached by the group in its entirety. Some members supported keeping the current number of county offices whose functions would be revised; others wanted the expansion of county offices into regional units; and still others remained undecided.[21] In its final report, the working group instead recommended a state-level inquiry to examine county offices and regional entities and after such an inquiry, the Master Plan should incorporate a corresponding course of action.

Recommendations

A. **The Governor should work with the Legislature to pursue a constitutional amendment to eliminate county superintendents of schools and county boards of education.**

   County superintendents have been protected by the Constitution since 1849 and as such may be an artifact of the past rather than a function needed in the current and future education structure. A new framework will focus resources more effectively and efficiently; strengthen the role and functions of this intermediate arm of governance; and better serve students and local districts.

   A constitutional amendment would require either an initiative petition to amend the Constitution or a two-thirds vote of the Legislature. Either would be sufficient to place the amendment on the ballot where it would have to receive a majority vote of the electorate.

B. **Following passage of this constitutional amendment, the Governor should work with the Legislature to replace the current structure of county superintendents and county boards with regional superintendents and regional boards, using the eleven service regions created by the county superintendents through the California County Superintendents Educational Services Association (CCSESA).**

C. **If a change to the Constitution is not feasible, the Governor should work with the Legislature to provide a fiscal incentives for two or more counties in a region to unite under one board and one superintendent.**

   Since the Constitution already allows the electors of two or more counties to vote to establish one joint board of education and one joint county superintendent of schools for the counties uniting, a fiscal incentive may encourage counties to move in this direction. Although this option should be open to all counties, it may prove particularly attractive to single district counties (except San Francisco) and those counties classified by the California Department of Education in Classes VII and VIII with 6,999 ADA or below.

Fiscal Impact

Passage of a constitutional amendment eliminating county boards of education and county superintendents and passage of legislation would establish 11 regions to replace the current 58 county boards and superintendents. This proposal will not be implemented until at least January 2007 because the next scheduled opportunity to vote on the constitutional initiative is March 2006. Because seven county superintendents also are superintendents for the only school district in their county, this proposal will eliminate 40 boards and county superintendent positions. In addition, consolidation of county office functions will allow for elimination of at least one additional senior manager. Savings from elimination of these staff (2 PY per county at $100,000 per person) and board functions (about $200,000 per board) in 40 counties will result in ongoing savings of at least $18 million annually from a variety of Proposition 98 and non-Proposition 98 local, state and federal funds. The exact mix of these funds varies by county.

County boards and superintendents oversee a wide range of functions and perform a wide variety of tasks, which vary among counties. To the extent this proposal allows the 11 regional superintendents to consolidate such operations and achieve efficiencies, the proposal would achieve additional savings probably in the millions annually. It is unclear how much of these savings would be Proposition 98 funding and how much would need to be redirected to other education related activities.

Should the constitutional amendment not pass, recommendation C encourages the Legislature to create economic incentives to generate interest among counties to vote consolidations of their respective county boards and superintendents. To the extent this occurs there would be unknown, probably significant, costs and savings. The costs would be a combination of one-time and ongoing costs for consolidation incentives. These incentive costs should be more than offset over time by savings from the consolidations.

General and Other Funds*

(dollars in thousands)

Fiscal Year	Savings	Costs	Net Savings All funds (Costs)	Change in PYs
2004–05	$0	$0	$0	0
2005–06	$0	$0	$0	0
2006–07	$9,000	$0	$9,000	(80)
2007–08	$18,000	$0	$18,000	(80)
2008–09	$18,000	$0	$18,000	(80)

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

* Fund splits are not available at this time.

Endnotes

1 *Education Commission of the States (ECS), "Regional Boards," http://mb2.ecs.org/reports/Report.aspx?id=168; "Regional Superintendents," http://mb2.ecs.org/reports/Report.aspx?id=169 (last visited June 8, 2004).*

2 *Statutory Functions of County Boards of Education and County Superintendents, Appendix B Reference Materials, Governance Working Group, Joint Committee to Develop a Master Plan for Education, 2001–02.*

3 *Educ. C. Section 48919.*

4 *California County Superintendents Educational Services Association (CCSESA), "Facts & Figures."*

5 *California County Superintendents Educational Services Association (CCSESA), "Facts & Figures."*

6 *Education Commission of the States (ECS), "Regional Superintendents,"http://mb2.ecs.org/reports/Report.aspx?id=169 (last visited June 8, 2004).*

7 *Education Commission of the States (ECS), "Regional Boards," http://mb2.ecs.org/reports/Report.aspx?id=168 (last visited June 8, 2004).*

8 *Educ. C. Chapter 2, Section1205.*

9 *California Department of Education, School Fiscal Services Division, Principal Apportionments Unit, "Classification of Counties—2003."*

10 *California County Superintendents Educational Services Association (CCSESA), "Facts & Figures."*

11 *California County Superintendents Educational Services Association, "Annual Survey of Salaries and Benefits—2003–04, Appendix."*

12 *"County Offices 2002–03 Revenue Summary," compiled by Damon Smith, Imperial County Office of Education (May 2004).*

13 *Educ. C., Chapter 2, Sections1240–1244.*

14 *Assembly Bill 2756 (Daucher) in the current legislative session seeks to strengthen this oversight authority.*

15 *California County Superintendents Educational Services Association: Declining Enrollment Work Group, "Declining Enrollment in California," fall 2002.*

16 *Letter from Branislav Yaich to Governor Arnold Schwarzenegger, March 11, 2004.*

17 *Letter from Kent S. Moore, former chair of the Grand Jurors' Association Education Committee, to Governor Arnold Schwarzenegger (January 8, 2004).*

18 *Letter from Kent S. Moore (January 8, 2004).*

19 *K.L. Billingsley, "Linemen for the Counties: Does California Need County Offices of Education?" Pacific Research Institute, Winning Proposals from the 1993 Competition (January 1994).*

20 *California Constitution Revision Commission, "Final Report and Recommendations to the Governor and the Legislature," nd.*

21 *Joint Committee to Develop a Master Plan for Education—Kindergarten through University, Governance Working Group, "Final Report," December 2001, p. 11.*

ETV 06

Reduce Non-Instructional Costs in K–12 Schools

Summary

California's public schools are limited in their ability to obtain transportation, construction, maintenance and food services at the lowest possible cost. The costs of these non-instructional services could be significantly reduced by increasing purchasing options available to schools. Current law should be changed to provide local school districts with the flexibility and authority to enter into alternative purchasing arrangements, such as public-private partnerships. This option should generate savings and those savings could be redirected into the classroom.

Background

In addition to their core mission of educational instruction, schools must fulfill a variety of incidental but necessary functions, such as student transportation, building maintenance, and food services. The cost of performing these support functions determines what level of funding remains available for classroom instruction.

Recent legislation has dramatically reduced the ability of school districts to competitively source these non-instructional services. Senate Bill 1419 (SB 1419), which went into effect on January 1, 2003, requires that the following criteria be met before a school district can contract out for services:

- The contract would be for new functions that the Legislature mandates or authorizes be performed by independent contractors;
- The services would not be available within the school district or cannot be satisfactorily performed by district employees;
- The services would be incidental to a purchase or lease contract;
- The policy, administrative, or legal goals and purposes of the district could not be accomplished through the regular or ordinary hiring process;
- The work would meet criteria for emergency appointment;
- Equipment, materials, facilities, or support services would be provided that could not feasibly be provided by the district; or
- The services would be of an urgent, temporary, or occasional nature. The bill would operate prospectively.[1]

These requirements are very stringent and effectively eliminate almost all opportunities for school districts to save money by contracting out for non-academic services. If a school district does meet the criteria to have non-district employees provide services, current law requires that they must retain all the district employees who performed those jobs.[2] Studies estimate that the cost of non-instructional services to school districts could be reduced by $1 million per 20,000 students by allowing transportation services to be contracted out. Information from Senator Kevin McCarthy's office, cited earlier this year in bill analysis for the Assembly Committee on Public Employees, Retirement, and Social Security, indicates that California's K–12 schools could save more than $250 million annually.[3]

SB 1419 can effectively prevent school districts from obtaining needed services at all. For instance, one Bakersfield school in the desert did not have functional drinking fountains for students during hot weather because the custodian was busy and the school could not hire a plumber, pursuant to current law.[4] At Santa Ana Unified School District, new computers are still in boxes because, "even though the computer firm said it would install the computers as part of its service without extra charge, even a free service violates SB 1419."[5]

Theoretically, exceptions are available in the law for "work of an urgent, temporary, or occasional nature."[6] However, because of the difficulties in surmounting the legal hurdles under the new law, school districts may not even contract for services in these cases.

The main obstacle to successfully implementing competitive sourcing of necessary services is opposition from labor unions who represent the district employees. At Reed Elementary School District in Marin County, community groups offered to hire additional groundskeepers for field maintenance (the fields are also used by community groups), but this type of partnership is prohibited by SB 1419. Community members reported that, ". . . even the district groundskeeper supported the partnership" that would have resulted in an additional groundskeeper being hired.[7]

Developing strategies for competitive sourcing of non-instructional services requires an effective and ongoing dialogue between school officials and the labor unions representing school district employees. Successful government leaders, such as former Indianapolis Mayor Stephen Goldsmith, have realized competitive pricing for these support services by bringing unions into the process and allowing them to compete for contracts along with private parties. The primary goal was not to eliminate union jobs; in fact, there was recognition that in many cases, the union may be the best provider of services. [8]

Contracting out for services does not have to mean the conventional situation where service providers compete against each other in a bidding process, a process that in itself can be time-consuming and costly. This kind of competition can also utilize joint ventures or public-private partnerships, where a consortium of public and private entities provide services or employ other innovative strategies to ensure California's schools can afford quality programs for their students.

In 1997, the Mackinac Center for Public Policy reported a successful team approach to the privatization of public school busing for Climax-Scotts Community Schools, a school district in Michigan. According to Dr. Michael D. LaFaive of the Mackinac Center, "In Climax-Scotts … comparatively little rancor existed between the parties involved." Superintendent Pete Lazaroff accomplished this by organizing a team that included school bus drivers and the Climax-Scotts Bus Drivers' Association, as well as other interested parties. In addition to strengthening the relationships between stakeholders in the district, this collaboration was also a fiscal success. Superintendent Lazaroff projected a savings of nearly $500,000 over a ten-year period and over $90,000 during the life of the existing contract.[9]

Recommendation

The Legislature should repeal SB 1419 to allow local school districts to use contracting out, public-private partnerships, and other innovative strategies to reduce the costs for non-instructional services. The legislation should contain an urgency clause to take effect immediately.

It is essential that K–12 school districts have greater flexibility to procure necessary services as soon as they are needed and within their allotted budgets. The repeal of this legislation will not only provide critically needed opportunities for districts to manage their resources more effectively but is expected to improve the quality and timeliness of these services.

Fiscal Impact

No savings to the state's General Fund are anticipated because lower costs of obtaining services would be realized by school districts rather than the state. The exact savings are difficult to measure, but experts estimate that repealing SB 1419 could save California's K-12 school districts more than $250 million a year that could be allocated for classroom instruction.[10]

Endnotes

1 *Educ. C. Sections 45103.1 and 88003.1.*

2 *Educ. C. Sections 45103.1(a)(3).*

3 *AB 2992 Assembly Bill, Bill Analysis, May 5, 2004, p. 2, http://www.leginfo.ca.gov/pub/bill/asm/ab_2951-3000/ab_2992_cfa_20040505_152737_asm_comm.html (last visited June 9, 2004).*

4 *The Bakersfield Californian, May 15, 2004, "Protect jobs, forget kids," published on the Internet by the Coalition for Local Control of School Spending, http://www.noclassroomcuts.org/pressupdatesreleaseBakersfieldCalifMay1504.html (last visited June 9, 2004).*

5 *"Handcuffing school districts," "The Orange County Register" (May 6, 2004).*

6 *Pub. Con. C. Section 22050.*

[7] *Coalition for Local Control of School Spending. Press release, May 3, 2004, http://www.noclassroomcuts.org/pressupdatesreleaseMay304.html (last visited June 14, 2004).*

[8] *The Manhattan Institute for Policy Research, "The Entrepreneurial City: A How-To Handbook for Urban Innovators," "Managing City Finances: Doing More for Less," Mayor Stephen Goldsmith, pp. 2–3. Goldsmith, Stephen, former mayor of Indianapolis, addressing the California Performance Review, Sacramento, California, April 9, 2004.*

[9] *Mackinac Center for Public Policy, "Labor, Management, and Communication," Michael D. LaFaive. Posted March 07, 1997, http://www.mackinac.org/article.asp?ID=575 (last visited June 15, 2004).*

[10] *AB 2992 Assembly Bill—Bill Analysis, May 5, 2004, p. 2, http://www.leginfo.ca.gov/pub/bill/asm/ab_2951-3000/ab_2992_cfa_20040505_152737_asm_comm.html (last visited June 9, 2004).*

ETV 07

Eliminate Unnecessary Reports Required in the Education Code

Summary

State agencies are mandated to prepare and submit education related reports to the Governor, the Legislature, and other state entities. These reports can be time-consuming and tedious to produce, and are often obsolete by the submission date. Agencies often lack the resources to prepare all but the most critical reports.[1] The preparation and distribution of education reports that are not useful to decision-makers should be eliminated.

Background

Education reporting requirements are randomly located throughout California law, not only in the state's Education Code. Unfortunately, there is no published comprehensive index to easily locate all mandated reports. In 1996, the Legislative Counsel began identifying mandated reports to the Governor or the Legislature; however their mandate did not include reports due to entities other than the governor or legislature.[2] The Legislative Counsel prepares and publishes annually a list of all reports that state and local agencies are required or requested by law to prepare and file with the Governor or the Legislature.[3] To comply with the Government Code, the Legislative Counsel created the website www.agencyreports.ca.gov in 1999.[4] Many of the reports listed on the website are accessible electronically if the agency submitting the report provides a URL (uniform resource locater). Many agencies are unaware of the website.[5]

Based on the Legislative Counsel information, as of May 2004, three of the state's education agencies are required to submit 314 reports to the Governor and/or Legislature.[6] In the case of the California Postsecondary Education Commission (CPEC), despite the fact that it is currently staffed with only 21 authorized positions, it is required to produce 25 reports to the Governor or Legislature.[7]

These reports are costly, often taking a great deal of staff time and agency funds. For example, a Commission on Teacher Credentialing (CTC) report identified as a low priority, but due annually, costs $4,759. A periodic report for the same agency has a cost of $280,000. CTC is also required to produce a report titled *Teacher Assignment and Misassignment* costs $16,000, not including the 528 hours of staff time annually required to produce the report.[8] Reports are mandated; therefore, agencies expend staff time preparing and submitting them, while legislative staff expends time tracking and monitoring reports about programs that no longer exist.[9] For example, the Education Code mandates a submission of an annual report about the Graduate Assumption Program of Loans for Education; however, this program is no longer funded.[10]

In a 2002 study about higher education and accountability performed by Dr. Nancy Shulock of the Institute of California Studies, legislative staff were interviewed regarding the numerous reports they received. Dr. Shulock received comments from legislative staff such as "they (state department staff) try to overwhelm us with information" and "there is no comprehensive information source—it's piecemeal" and "it's been a nightmare to get information . . .".[11]

The state has made several attempts to eliminate reports. For example, Assembly Bill (AB) 2824 Chapter 710, passed in 2001 suspended over 1,200 reports during the height of the 1992 state budget crisis.[12] While not limited to the Education Code, Senate Bill (SB) 1191 was successful in revising or deleting various reporting requirements for state agencies.[13] However, more reports are added annually.[14] Currently, AB 2469 proposes to streamline or eliminate statutory reporting requirements to higher education. While this bill eliminates several reports, it has a negligible fiscal impact because the deleted reports are not currently being completed.[15]

Opponents of AB 2824 are concerned that reduced information to the governor and legislature may result in less informed decisions.[16] While some reports may be necessary, the legislature should eliminate reports that are not useful to decision-makers. Eliminating statutorily required reports does not eliminate an agency's responsibility to provide information to the governor or legislature. Proponents of the bill contend that reducing report requirements would result in a time-saving measure for agencies involved in research and preparation of mandated reports. Given the level of state resources needed to prepare and submit reports, eliminating reports would provide some degree of relief for state agencies. Proponents also point to the fact that reports continue to be required even when interest in the issue has passed.[17]

There is an ongoing effort nationally to examine reporting requirements in order to eliminate unnecessary reports.[18] Vermont Agency of Administration concluded that eliminating reports and data not widely used would reduce costs.[19] Washington State identified eliminating unnecessary reports as the governor's priority for government efficiency.[20]

In the case of Vermont, state government agencies were asked to review the reports required of them and identify those reports which were responses to continuing important legislative requests for information, and those that are not frequently used or are obsolete. The result of the thorough review produced a *Report on Reports*. Vermont concluded that the agencies should be given the opportunity to suggest consolidation, simplification, or elimination of reports if in the judgment of the agency, the time and resources expended are not outweighed by the report's utility and statute was passed to eliminate several reports and place an easily accessible index of the required reports in statute. Unfortunately, the review resulted in the addition of eight new reports to implement the recommendations in *Report on Reports*.[21]

Other organizations, especially government agencies, have performed time-consuming and detailed examinations of state statutes to conclude preparing and submitting unnecessary reports is costly.[22] Sponsoring a sunset legislation for all mandated reports within the Education Code would bypass the need to perform an expensive review of each report for usefulness. Additionally, eliminating reports by creating a sunset provision would not prohibit the Governor or Legislature from making information requests to which the agency must respond.

Recommendation

The Governor should work with the Legislature to sunset mandated reports in the Education Code. Specifically, new legislation should:

- **Establish a sunset date of January 1, 2007 for all currently mandated reports within the Education Code, unless specifically identified by the Legislature; and**
- **Require all future legislation creating a mandated report to include a sunset provision with a maximum of two years.**

Fiscal Impact

It is assumed that implementation of this recommendation will reduce the staff time needed to research, prepare and submit education-related mandated reports. To the extent that this reduction is realized, funds will become available to the affected organizations for other activities beginning Fiscal Year 2006–2007. Depending on the organization and report, these funds may be General Fund, special funds, or federal funds. The amounts of such funds are unknown because a detailed analysis of cost savings is not currently available. In the case of Vermont, budget officials estimated cost savings of "hundreds of thousands of dollars every year."[23]

Endnotes

1 *Interview with Steve Boilard, director of higher education, Legislative Analyst's Office, Sacramento, California (March 17, 2004).*

2 *Interview with Diane Anderson, supervisor, Index Division, Office of Legislative Counsel (May 21, 2004).*

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ETV 08

Reform Concurrent Enrollment Funding and Options

Summary

California has programs that allow students to take and earn credit for college-level classes as part of their high school education. The administration, funding and outreach efforts for these programs can be improved to increase educational opportunities for students and use state education funds more efficiently.

Background

Most states have programs that allow high school students to take advanced classes and earn high school and college credits for successfully passing the classes.[1] Concurrent enrollment programs serve students who are capable of postsecondary work. High school students enroll in courses provided by a postsecondary institution, usually at a community college or technical school campus. A similar program, often called "college in the high school," is provided by a postsecondary institution on the high school campus. These classes typically receive state funding at lower rates than courses taught on a college campus. Individual high schools and colleges may also enter into an articulation agreement in which the college gives credit to students who complete a specific, rigorous high school course. Students take courses on their high school campus and are taught by high school staff. Specific postsecondary institutions have agreements with the high school to accept these courses for credit. Concurrent enrollment, "college in the high school" and articulation agreements are often referred to as dual credit programs because a student simultaneously earns high school and college credit by passing the course.

These programs and their funding formulas vary by state. Some have very restrictive participation requirements that focus on high achievers. Others have inclusive policies that encourage all capable students to participate. Some states fully fund both the high school and the college for the same student, while in other states the high school receives funding and pays a portion of the college costs.[2] Two of the most successful programs are in Minnesota and Washington where well-established, inclusive programs demonstrate the success of concurrent enrollment.

Minnesota's Postsecondary Enrollment Options Program

Minnesota started its Postsecondary Enrollment Options Program (PSEO) in the 1985–86 school year.[3] PSEO encourages 11th and 12th grade students to enroll in public or private postsecondary institutions for concurrent credit. Each year, school districts must notify all 10th and 11th grade students about the program. Participation in the program does not require permission from the high school or school district. In the 2002–03 school year, 7,520—or about 5 percent—of Minnesota's high school junior and senior students participated in PSEO.[4] This is in addition to students who participated in other options like charter schools, "college in the high school" courses and Advanced Placement classes.

Under Minnesota's formula funding, highs schools receive about 30 percent additional funding for their PSEO students but average daily membership, similar to California's Average Daily Attendance (ADA), for each student is calculated by the ratio of hours the student spent in high school to the total instruction hours for the year.[5] Public postsecondary institutions receive half of the normal funding to cover costs directly related to adding that student to the course. A postsecondary institution that receives funding from the PSEO program may not charge that student for fees, textbooks, materials or other necessary costs of the course. If a student's family is under the poverty level, the district will also reimburse travel expenses. The district is reimbursed by the state.[6]

PSEO also allows public high schools to provide college-level courses on their campuses. These "college in the high school" courses are provided under contractual agreements with a postsecondary institution. Courses are funded by the high school district, which receives regular allocations as if the student were not enrolled in PSEO, and pays the postsecondary institution the contracted amount for the course.[7] In the 2002–03 school year, 12,000 high school students participated in this option.[8]

Washington's Running Start Program

Washington began its Running Start Program in 1990 under that state's "Learning by Choice" law. It allows 11th- and 12th-grade students to take college-level courses at public community and technical colleges. A student must meet the college's entrance requirements and participation does not require permission from the high school or school district.[9]

Under Washington's funding formula, funding for Running Start is the statewide average basic education allocation (similar to California's ADA) for full-time high school students. School districts keep 7 percent of the funds for administration and counseling, and reimburse the postsecondary institutions for their high school students at a statewide rate. The rates for reimbursement are jointly decided by the Superintendent of Public Instruction, the Higher Education Coordinating Board and the State Board for Community and Technical Colleges.[10] Running Start students do not pay tuition but must provide their own transportation, books and supplies. Funding for Running Start students attending colleges is in addition to the state's funding for adult students and "in many cases, the funding that Running Start brings to a college is used to open any additional class sections that are needed, and results in more seats being available for the entire community."[11]

Running Start serves about 10 percent of Washington's high school juniors and seniors.[12] Washington also offers "college in the high school," and Advanced Placement programs. In the 2002–03 school year, 13,237 students earned 86,399 college credits through these programs.[13]

California's dual credit programs

California offers many of the same kinds of concurrent enrollment programs for advanced scholastic and vocational work. Through these programs, students have the opportunity to take advanced courses and a greater variety of classes than what is available at most high schools. Students whose academic interests are not being met at a traditional high school can often flourish in a different educational setting. Many students find out about these programs through their high schools, but there is no statewide requirement to notify all high school students about the programs and the educational benefits they may provide. California requires the school or school district to approve a student's participation in the program.

School districts receive full funding based on ADA if a student is concurrently enrolled in high school, as long the student is enrolled on at least a part-time basis. The community college also receives regular funding for the student based on Full-Time Equivalent Students (FTES). California law does not specify where the concurrent enrollment courses are taught, but the community college only receives FTES funding if the course is open to the public.[14] Students do not pay college enrollment fees, but purchase textbooks and provide their own transportation. In the 2002–03 school year, 226,000 students were concurrently enrolled and community colleges received funding for 48,000 FTES.[15] Under the current concurrent enrollment funding formula, the state is paying high schools the full-time rate for its students, even if students are only attending high school part time. At the same time, the state is also paying the community college or technical school for that same student, as part of the calculation of FTES.

While concurrent enrollment students are generally regarded as successful, the practice has faced some serious allegations of abuse.[16] An investigation of the California Community College Chancellor's Office (CCCCO) reviewed 8,809 course sections in which more than half of the class enrollment was high school students (referred to as "special admit" students). Of these, 51 percent were physical education classes.[17] Special admit physical education offerings constituted 34 percent of all concurrent enrollment FTES in the 2001–2002 fiscal year."[18] A new state law limits special admit student enrollment in physical education classes and caps funding to community college districts for special admit physical education students.[19]

In addition to concurrent enrollment programs, most California high schools also offer dual credit through advanced placement courses and articulation agreements. Articulation agreements can be especially beneficial in areas where distance creates a barrier to concurrent enrollment.[20] Under an articulation agreement, the course is taught on the high school campus, by high school teachers, and the school receives its regular funding based on ADA. The community college does not receive any funding.

Conclusion

In addition to academic challenges, concurrent enrollment provides a smoother transition to college. One benefit of the high school student's participation is socialization into the college atmosphere. Time on campus and exposure to the non-academic side of college helps students learn about college and increases their confidence.[21] This social enrichment distinguishes concurrent enrollment from other programs.

Other states, including Minnesota and Washington, have well-established, inclusive programs that demonstrate the success of concurrent enrollment. California can improve its concurrent enrollment programs by using some of the strategies that are working in other states. Strengthening these programs will provide more opportunities to encourage students to stay in school and continue with postsecondary training or education. Changing the funding formulas for these programs will more accurately reflect the part-time status of many high school students who participate in the program and use state funds more efficiently.

Recommendation

The Governor should work with the Legislature to improve California's concurrent enrollment programs. New legislation should include the following changes:

- Modify the intent of Concurrent Enrollment to state that it is an educational choice for any student that can perform college level work and specify that the benefits include socialization into college;
- Allow participation by any student who passes the accepted college placement criteria and obtains parental permission. Do not require school district or school permission to participate;
- Require high schools to notify 10th and 11th grade students of these options by March 1 of each year;
- Require community colleges to assess whether high school students are ready to take college level courses as criteria for admission, and encourage them to use pre-existing student assessments, such as SAT, ACT, or CSU Early Assessment tests;
- Limit Concurrent Enrollment to classes taught at the postsecondary institution (including satellite locations);
- Allow high schools to contract with community colleges to provide college courses on the high school campus, but require school districts to pay contracted fees out of their regular ADA allocation, and do not allow community colleges to claim FTES for these courses;
- Limit high school students to 10 percent of the enrollment in any college class;

- Provide a higher weight of Average Daily Attendance (ADA) funding for concurrently enrolled high school students, but require distribution of the ADA allocation based on a formula that provides a percentage to the high school for administration and counseling, and prorates the remainder to the high school and postsecondary institution as payment for instruction costs;
- Eliminate funding for noncredit and basic skills courses for concurrently enrolled high school students; and
- Specify that special admit students are given the lowest enrollment priority to ensure they do not displace regularly admitted students.

Fiscal Impact

It is anticipated that savings will result due to the recommended changes to the funding formulas. However, actual savings are unknown and will depend on the number of students who enroll concurrently in high school and in college classes.

Endnotes

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ETV 09

Establish Qualifications for Chief School Business Officers

Summary
There are no uniform minimum qualifications and no credential, license or certification process required for Chief Business Officer (CBO) positions in the state's 1,000 school districts, despite the high level of fiscal responsibility these positions hold. The Secretary of Education, or his or her successor, should work with the State Superintendent of Public Instruction and other appropriate parties to determine the qualifications necessary for CBO positions; whether a license, certificate or credential should be a voluntary or mandatory requirement; and what impact such a requirement might have on recruiting.

Background
The state's system of school finance is formidably complex and in need of reform; there are no fewer than 80 revenue streams from Sacramento to school districts.[1] Calls for increased accountability and stewardship of funds are intensifying, due in part to such education reform initiatives as *No Child Left Behind*.[2] An increasing number of districts, however, cannot meet their financial obligations and there is a diminishing pool of well-qualified individuals applying for Chief Business Officer positions.[3]

Chief business officers often oversee activities as diverse as finance, accounting, human resources, risk management, transportation, school nutrition, maintenance and operations, technology, payroll, purchasing, school safety, grant-writing and facilities. They are responsible for every financial and operational facet of public schools, with budgets ranging from $132,000 for tiny Panoche Elementary School District in San Benito County to $6 billion for Los Angeles Unified School District in Fiscal Year 2002–2003.[4] Yet CBOs require no certificate, professional license, or credential for their positions. Nor do any standard minimum qualification requirements exist for these jobs. Perhaps this has contributed to the seven school districts that will not meet their financial obligations for FY 2003–2004 or 2004–2005 and an additional 50 districts that may be at risk of insolvency with the next three years.[5]

California credentials teachers and requires school principals in its K–12 schools to possess an administrative services credential issued by the California Commission on Teacher Credentialing (CCTC).[6] California licenses its doctors, nurses, barbers, fishermen, plumbing contractors, private investigators and real estate salespersons, among other occupations.[7] California neither licenses nor credentials individuals to be chief business officers in its school districts. While such standards cannot completely ensure competence, they do serve as protection for the public.

According to surveys conducted in spring 2003 by the Association of School Business Officials International (ASBO) with Purdue University, 14 states require some form of certification or licensure for top school business officers, another 14 have voluntary certification or licensure and 20 have no mandatory or voluntary programs. Two states did not respond.[8] One-fourth of the ASBO members 65 or younger indicated that they would likely or very likely pursue a certificate if it were available. Of the chief state school officers responding, 52 percent said a certificate would be beneficial or very beneficial to their school business managers, and 64 percent said a nationally available master's degree related to the profession would be either beneficial or very beneficial.[9]

The Texas Association of School Business Officials has developed a voluntary program of professional certification and continuing education to provide recognized standards of professional competence for school business administrators, officers and specialists for the state of Texas. Certification covers three years and can be extended by meeting continuing education requirements. The three different certifications offer a competitive edge and the certification initials can be used on business stationery, cards, and resumes, to acknowledge the specific and advanced training the individuals possess.[10]

In California, CBOs are beginning to have similar opportunities through non-profit organizations like the California Association of School Business Officials (CASBO), the Association of California School Administrators (ACSA), and the Fiscal Crisis & Management Assistance Team (FCMAT), which is a state organization.

CASBO recently instituted the CASBO Chief Business Officer Certification Program, in cooperation with the ACSA and some of California's colleges and universities. The program requires nine semester units of core classes in Accounting, Information and Technology Systems, and Human Resources/Management and 10 semester units in such skills areas as auditing, budget development and control, collective bargaining, facility planning and construction, food services and child nutrition, maintenance and operations, purchasing and warehousing, risk management, school finance and school law. The student must also take coursework in such electives as education theory and learning, educational philosophy and business administration. Colleges and universities in California offer such training in school business management.[11]

More innovative still is the CBO Training Pilot Project sponsored by FCMAT, in partnership with CASBO. This one-year program designed to produce qualified district business officers includes eight sessions of classes of approximately 12 hours each, taken Friday night and all day Saturday at the University of California Capital Center. In FY 2003–2004, over 200 candidates applied for the program; 22 were accepted for sessions that began in April 2004 and will continue to May 2005. The first three sessions are devoted to school finance basics, the second three to the other operations with which a CBO is typically involved and the final two to leadership skills. Each class will demand at least one major project. In addition, each participant is assigned a mentor who is an experienced CBO. At the conclusion of the aforementioned training, the mentor and candidate will decide on two additional classes that the candidate should take. Upon completion of the entire program, the candidate will be designated a certified CBO.[12] FCMAT is underwriting this initiative at a cost of about $1 million. It has been decided that future program participants will experience the training over an 18-month period.[13]

The ACSA sponsors a School Business Managers Academy that covers topics of leadership, organization and personnel in business services; budget preparation and control; school finance, accounting and auditing; and business operations. The academy has received approval from the California Commission on Teacher Credentialing to meet part of the 120 hours of non-university work for the Professional Clear Administrative Services Credential.[14]

Senate Bill 850 (SB 850) was introduced in the 2002 Legislature that would have required FCMAT to facilitate training leading to certification of competency in all areas of business management and financial services. The bill as amended would have had FCMAT, in consultation with others, develop the curriculum for this training and select a statewide organization to recommend certification standards in each of the primary disciplines of the business office. School districts and county offices would be reimbursed up to $4,000 for each employee enrolled for a fiscal effect of approximately $4.4 million from Proposition 98. The bill was withdrawn, as the state's fiscal situation worsened.

Headquartered in the Kern County Office of Education, FCMAT performs a number of statutorily required duties, either as directed by the State Superintendent of Public Instruction, or as requested by school districts and county offices of education. In addition, FCMAT has been required to provide intensive review and monitoring of recovery plans for a number of school districts, usually as a result of specific legislation that has also included emergency funding for school districts in fiscal trouble. The FCMAT has also been given the responsibility to facilitate training of fiscal officers. The training budget for all services has been limited to an annual appropriation of $700,000.

The size and complexity of education in California rivals any large corporation; school district total revenues surpassed $43 billion in FY 2002–2003.[15] The state has assumed little responsibility for ensuring that these funds are used wisely or that those in charge of distributing them are qualified. While professional organizations and others are beginning to recognize the training needs of business services officers, the state itself has provided little support for local school districts and county offices in training these personnel. Nor is there common agreement about the qualifications needed for school business officers. While, for example, the State Board of Education and State Department of Education in Alabama, have spelled out the duties and responsibilities, performance standards, and certification for chief school finance officers in the administrative code, school districts in California are literally on their own when they recruit and job announcements vary considerably in the requirements sought.[16] As a consequence, not all California school districts conduct effective training in proficient business leadership and they now find themselves in financial crisis.

Recommendations

A. **The Secretary for Education, or his or her successor, should work with the State Superintendent of Public Instruction and appropriate parties such as the California Association of School Business Officials, the Association of California School Administrators, the Fiscal Crisis and Management Assistance Team, and the Department of Finance, or its successor, to determine the qualifications necessary for chief business officer positions; whether a license, certificate, or credential should be a voluntary or mandatory requirement; and the impact of such a requirement on CBO recruitment.**

   Prior to making licensure mandatory, the Secretary or his or her successor should evaluate the efficacy of existing training programs and the extent to which they have a beneficial impact on chief school business officers.

B. **The Secretary for Education, or his or her successor, should send a memorandum to all school districts recommending that, as of Spring 2005, all recruitment bulletins and advertisements for chief school business officers indicate that preferential consideration should be given to candidates with training and certification by the Fiscal Crisis and Management Assistance Team, the California Association of School Business Officials or an equivalent training provider.**

Fiscal Impact

These recommendations might incur minor costs. To the extent that certifying school district chief business officers results in better school district fiscal health, districts would achieve unknown savings that they could redirect for use in Proposition 98, or other school district fund eligible expenditures.

Endnotes

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ETV 10

Establish Performance-Based Contracts Between the State and K–12 School Districts

Summary

California funds much of its K–12 education system through an inequitable, ineffective, burdensome series of categorical programs (funding designated for a specific purpose) and mandate reimbursements. Categorical programs exist for everything from student councils to training algebra teachers. This method of funding focuses on oversight of spending, rather than on student outcomes. While there is strong support for "local control" over spending, there is also great reluctance to eliminate categorical program funding. The state should experiment with performance-based contracts in lieu of categorical programs to enhance educational outcomes and public school accountability.

Background

California funds almost 30 percent of its K–12 education systems through a series of categorical programs that evolved over time.[1] "Depending on how 'programs' are counted, there are as many as 120 categorical programs."[2] Each categorical program was implemented as a well-intended effort to ensure schools performed some specific activity. Unfortunately, the intent has not been fulfilled. Categorical funding constrains how money must be spent. It actually prevents a local school district from realizing savings in one area and using them to increase student performance in another. This creates financial incentives that can encourage frivolous or wasteful spending in one area, simply because the dollars are available and can't be spent elsewhere.

Mandates

Mandates comprise one categorical fund. Proposition 4 amended California's constitution by requiring the state to reimburse districts (or other local agencies) for any new program or service imposed on them after January 1, 1975.[3] The state subsequently created the Commission on State Mandates to hear and decide test cases for mandate reimbursements. Most test claims are approved. In its last annual report to the legislature, the Commission only denied one claim.[4] In the same period, it approved eight test cases related to education, at an estimated cost of $213,851,000.[5]

Once a test case is approved, any affected school district can document its costs and file a claim for reimbursement. This practice is so lucrative to school districts that it led to the use of consultants to ferret out every possible cost that can be associated with a mandate. In fact, the mandate process itself has a cost for which districts can claim reimbursement, including their costs for hiring consultants. Some of the reimbursements cover costs the district might normally incur. When mandated to teach a particular topic, one school district reportedly counted the related pages in the textbook and claimed reimbursement for those pages regardless of the fact that they are already obligated to provide textbooks to students.[6]

Accountability vs. outcomes

Categorical accountability creates an ever-increasing burden of reporting by school districts, and relies on audits to ensure compliance. While there is a lot of paperwork involved in ensuring the dollars are spent on the authorized activity, there is no similar effort to ensure the programs are effective. "Most programs are never evaluated. Evaluations that have been conducted have offered largely inconclusive evidence of programs' success or failure."[7]

As often as we discuss diversity in California, we have yet to recognize that there is no one right way to educate children. There are many successful ways, each suited to some students, and none suited to all. Individual schools and districts are in the best position to know what is needed for their students today. Those needs can change quickly, and school districts need the flexibility to shift focus and funding to cover them.

Local school districts often find innovative ways to save money. One example is the use of garbage compaction services by both the Roseville Joint Union High School District and the Eureka Union School District. These districts use a local company to compact their garbage and increase recycling at a significant savings.[8] If they had the discretion to redirect funds, school districts would be encouraged to explore new cost saving options.

Reforms

The state has made some limited reforms to categorical funding. Since 1999, the budget has included Control Section 12.40, which permits school districts to shift a limited percentage of funds among specified categorical programs. In 2000, the legislature established the "Teaching as a Priority" block to provide flexible ways to recruit and retain credentialed teachers to low-performing schools. In 2001, the budget consolidated desegregation programs into a "Targeted Instructional Improvement Grant."[9] In the 2004–05 budget, Governor Schwarzenegger proposes eliminating 22 categoricals and combining the funds into district revenue limits.[10]

Government, public and educational sectors all agree that there is a need to reform categoricals, but there is no consistent idea about how it should be done. Opposition to any one proposal reflects reluctance to give up financial control for fear a specific activity will not be done or the money will be mismanaged.

There are no minimum qualifications for school district financial managers, and the state already has several failing school districts and others in varying degrees of financial trouble. In 1991, the state established the Fiscal Crisis and Management Assistance Team (FCMAT) which acts as a fiscal consulting group, providing fiscal advice and management assistance to school districts. If a school district has a fiscal crisis, either the County Office of Education or the state can ask FCMAT to intervene, but involvement of FCMAT is otherwise voluntary.

Other states

Like California, other states use a combination of formula-based funding and categoricals to allocate money to schools or districts, but "most states have fewer than a dozen categorical programs."[11] Other states have also found that spending constraints often operate independently of school districts' needs and inhibit innovation.[12] Some states, including Ohio, Maryland and Wyoming are using research-driven studies to determine the funding level needed to provide students with an adequate education. These states have decreased the use of categorical funding.[13]

California needs to craft a solution that matches education funding with performance measures, establishing what the outcome should be, not how much money should be spent to achieve it. School districts need help managing their funds wisely, without constraining their ability to innovate.

Recommendations

A. **The Governor should work with the Legislature to establish a five-year pilot program for performance-based contracts with school districts in lieu of most categorical and mandate funding. Provisions of the pilot should:**
   - Give authority to negotiate annual contracts with school districts to the Secretary for Education or his or her successor;
   - Make participation voluntary;
   - Exclude financially troubled school districts;
   - Allow categorical funds and mandate reimbursements to be folded into one block grant to the participating districts' under a negotiated contract;
   - Exclude federally funded mandated programs;
   - Ensure school districts do not realize any reduction in their total funding through participation in the pilot;
   - Require participating school districts to waive their right to mandate reimbursements for the school year under contract; and
   - Require participating school districts to use someone with a degree concentration in accounting or finance, or develop fiscal plans jointly with FCMAT.

B. **The Secretary of Education, or his or her successor, should select school districts for participation, and negotiate contracts with them. The Secretary should select districts that collectively represent the diversity in the state in areas such as student performance, ethnicity, urban/rural location and socio-economic level. The Secretary should also establish clear, measurable goals, and incorporate those goals into the contracts.**

Fiscal Impact

There may be increased costs incurred for the contract negotiations as this function is not currently being performed. These costs cannot be estimated at this time. For the state, costs for negotiating the contracts could be somewhat offset by reductions in auditing reimbursement claims. School districts will achieve efficiencies because they can redirect administrative costs to instructional programs.

Endnotes

1 *Legislative Analyst's Office, "Reforming K–12 Categorical Programs" (Sacramento, California, April 12, 2004), p. 1, http://www.lao.ca.gov/handouts/education/2004/Categorical_Programs_041204.pdf (last visited June 20, 2004).*

2 *Legislative Analyst's Office, "Reforming K–12 Categorical Programs" p. 1.*

3 *California Constitution, Article XIII B Government Spending Limitation, Section 6.*

4 *California Commission on State Mandates, "Report to the Legislature: Denied Mandate Claims January 1, 2002–December 31, 2002" (Sacramento, California), http://www.csm.ca.gov/reports/denied.pdf (last visited June 20, 2004).*

5 *California Commission on State Mandates, "Report to the Legislature: Approved Mandates June 1, 2002–January 31, 2003" (Sacramento, California), http://www.csm.ca.gov/reports/approved.pdf (last visited June 20, 2004); and California Commission on State Mandates, "Report to the Legislature: Approved Mandates January 1, 2002–May 31, 2002" (Sacramento, California), http://www.csm.ca.gov/reports/53102rpt.pdf (last visited June 20, 2004).*

6 *Deb Kollars, "Paying for Schools: Obscure system costs millions, rankles many," "Sacramento Bee" (May 18, 2003), http://www.sacbee.com/content/news/projects/paying_for_schools/story/6688436p-7639954c.html (last visited June 10, 2004).*

7 *Legislative Analyst's Office, "Analysis of the 2002–03 Budget Bill: Reforming Categorical Program Funding" (Sacramento, California), http://www.lao.ca.gov/analysis_2002/education/ed_09_Categorical_Reform_anl02.htm (last visited June 10, 2004).*

8 *Letter from Dave Hawkyard, Compact-IT, to California Performance Review, Sacramento, California (April 16, 2004).*

9 *Legislative Analyst's Office, "Analysis of the 2002–03 Budget Bill: Reforming Categorical Program Funding," http://www.lao.ca.gov/analysis_2002/education/ed_09_Categorical_Reform_anl02.htm (last visited June 20, 2004).*

10 *Department of Finance, "Governor's Budget Highlights 2004–05" (Sacramento, California, January 2004), p. 21; and Department of Finance, "Governor's Budget May Revision" (Sacramento, California, May 2004), p. 17.*

11 *Education Commission of the States, "Finance Funding Formulas," http://www.ecs.org/html/issue.asp?print=true&issueID=48&subIssueID=43 (last visited June 20, 2004).*

[12] *Education Commission of the States, "The Status of School Finance Today" by John Augenblick, (Denver Colorado, July 2001), http://www.ecs.org/clearinghouse/28/01/2801.htm (last visited June 20, 2004).*

[13] *Education Commission of the States, "Finance Funding Formulas."*

ETV 11

Change Enrollment Entry Date for Kindergartners to Enhance Their Success

Summary

Kindergarten is a critical first step in children's schooling, setting them on a path that influences their subsequent learning and educational achievement.[1] However, California's kindergarten classrooms include students that range from four to six years of age, some of whom are not yet ready for classroom instruction. State law should be changed so that the majority of the students entering kindergarten classrooms are five years of age. This change in state law would provide benefits to students and the state.

Background

State law requires that a child be admitted into kindergarten at the beginning of a school year, or at any time later in the year, if the child will have his or her fifth birthday on or before December 2 of the school year.[2] The December cut-off date results in kindergarten students ranging from four to six years of age, with wide disparities in their academic and social skills development. These differences in development and maturity can have a significant impact on their academic performance. Children who are sufficiently mature can and do learn more successfully.[3] Changing the minimum kindergarten age of enrollment from December 2 to September 1 would create kindergarten classrooms where the majority of the students are five years of age.

Children with summer and fall birthdates are more likely to be held back than their older classmates. A study conducted in 1991 concluded that children born between June 15 and December 1 made up 53 percent of the students retained in kindergarten.[4] When compared with older classmates, children who enter kindergarten before their fifth birthday appear to be at a disadvantage in all aspects of development. A survey of kindergarten teachers found that they saw a relationship between age at kindergarten entrance and achievement in school.[5] In reading, mathematics and general knowledge, older kindergartners outperform younger kindergartners.[6] Older kindergartners are more likely to persist at tasks, more eager to learn, and better able to pay attention.[7]

In a national survey, teachers indicated that 48 percent of their students were not ready for the kindergarten curriculum. Teachers indicated that half of their students lacked important learning skills, including the ability to follow directions and to work independently.[8] Another national survey of kindergarten teachers found that barely half their students make the transition to formal schooling without significant difficulties.

In response to these findings, the national trend is to increase the minimum age required to enroll in kindergarten. Twenty-two states moved the date required for entry into kindergarten to the beginning of September, about the time the traditional school year begins.[9] Today 38 states, including Florida and Texas, have kindergarten entry dates prior to California's December 2 date.[10] California could join the majority of the states and allow children to be better prepared for educational success by changing the minimum kindergarten age.

Opponents agree that changing the kindergarten entry date better aligns children's ages, thereby contributing to their educational success.[11] However, they have also expressed concern that moving the entry age date will create childcare needs for parents and guardians. One approach to address this issue is to provide advanced notice of the change in entry date and allow them adequate time to obtain childcare. Allowing students to enroll in kindergarten before they are sufficiently mature to benefit from classroom instruction is a disservice to both students and state taxpayers.[12]

Some parents contend that their children are academically and socially prepared for kindergarten even though they do not meet the minimum age for enrollment. Changing the minimum age for enrollment would not prohibit a parent from requesting that the school district enroll their child.[13] There would be no change in the state law that allows the governing board of a school district, on a case-by-case basis, to admit a child who has not yet reached minimum kindergarten enrollment age.[14]

Changing the kindergarten entry date from December 2 to September 1 would reduce kindergarten enrollment by 25 percent in the year in which the change is implemented.

Recommendation

The Governor should work with the Legislature to amend the kindergarten enrollment cut-off date in state law from December 2 to September 1.

Fiscal Impact

About 457,000 children were enrolled in public kindergarten classes in 2002–2003. Changing the entry date for kindergarten from children who turn five by December 2 to September 1, would create a one-year cohort of children formerly eligible for kindergarten that would reduce kindergarten enrollment by about 90,000 to 115,000 children.[15] This reduction in enrollment would be followed by an increase in enrollment (returning to the long-run trend for kindergarten) the following year. This pattern of a one-year reduction followed by a return to trend enrollment would roll from kindergarten to first grade, and so on until the smaller cohort graduates 12^{th} grade.

Using Legislative Analyst's Office estimates, this proposal would result in savings of about $660 million annually in the first two years, increasing to about $690 million annually for the next 11 years. This proposal reduces the Proposition 98 minimum funding guarantee and results in General Fund savings of $450 million in the first year. The remaining savings could be redirected to other Proposition 98 eligible programs within school districts. Beginning in the third year, the reduction in the Proposition 98 minimum funding guarantee and resulting General Fund savings would increase to about $490 million.[16]

General Fund
(dollars in thousands)

Fiscal Year	Savings	Costs	Net Savings (Costs)	Change in Ys
2004–05	$0	$0	$0	0
2005–06	$450,000	$0	$450,000	0
2006–07	$450,000	$0	$450,000	0
2007–08	$490,000	$0	$490,000	0
2008–09	$490,000	$0	$490,000	0

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

Other Fund
(dollars in thousands)

Fiscal Year	Savings	Costs	Net Savings (Costs)	Change in Ys
2004–05	$0	$0	$0	0
2005–06	$210,000	$0	$210,000	0
2006–07	$210,000	$0	$210,000	0
2007–08	$200,000	$0	$200,000	0
2008–09	$200,000	$0	$200,000	0

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

Endnotes

1 *U.S. Department of Education, National Center for Education Statistics Statistical Analysis Report, "Early Childhood Longitudinal Study Kindergarten Class of 1998–99, Fall 1998: America's Kindergartners," NCES 2000-070, by Kristin Denton, Elvira Germino-Hausken, Jerry West (Washington, D.C., February 2000), p. 1.*

2 *California Educ. C. 48000(a).*

3 *James K. Uphoff, "Real Facts From Real Schools" (New Jersey: Modern Learning Press, 1995), p. 138.*

4 *James K. Uphoff, "Real Facts From Real Schools," p. 141.*

5 *James K. Uphoff, "Real Facts From Real Schools," p. 139.*

6 *U.S. Department of Education, National Center for Education Statistics Statistical Analysis Report, "Early Childhood Longitudinal Study Kindergarten Class of 1998–99, Fall 1998: America's Kindergartners," p. 15.*

7 *Educational Leadership, "When Children Aren't Ready for Kindergarten," John H. Holloway, Volume 60, Number 7 (April 2003), pp. 89–90, http://www.ascd.org/publications/ed_lead/200304/holloway.html (last visited June 20, 2004).*

8 *Lillian G. Katz, "Academic Redshirting and Young Children," Kid Source Online (Champaign, Illinois, November 2000), http://www.kidsource.com/education/red.shirting.html (last visited June 11, 2004); and Heather Cunningham, "Is your child ready for school Knowing when to hold'em, when to send'em," "Chicago Parent" (February 2003).*

9 *Education Commission of the States, "Access to Kindergarten: Age Issues in State Statutes," http://www.ecs.org/clearinghouse/44/52/4452.htm (last visited June 20, 2004).*

10 *Education Commission of the States, "Access to Kindergarten: Age Issues in State Statutes," http://www.ecs.org/clearinghouse/44/52/4452.htm*

11 *California Legislature, Education Standing Committee of the Assembly, Assembly Bill 810, hearing on April 23, 2003.*

12 *Stanley L. Swartz, professor, California State University, San Bernardino, "Testimony in Support of Assembly Bill 810: Changing School Entrance Age," March 23, 2003.*

13 *Interview with Will Smith, chief of staff, Assembly Member Sharon Runner, California Legislature, Sacramento, California (March 19, 2004).*

14 *California Educ. C. Sections 48000(b)(1) and (2).*

15 *The 90,000 number is from Assembly Committee on Education, "AB 810 Assembly Bill—Bill Analysis," California Legislature, Committee hearing, April 30, 2003, http://info.sen.ca.gov/pub/bill/asm/ab_0801-0850/ab_810_cfa_20030429_132620_asm_comm.html (last visited June 20, 2004); and the 114,000 number is from California Department of Education, "Report on Changing the Kindergarten Start Date Study, Response to Supplemental Report of the 2003 Budget Act" (Sacramento, California, May 17, 2004).*

16 *E-mail from Ray Reinhard, principal fiscal and policy analyst, Legislative Analyst Office, to Leanna Sinibaldi, analyst, California Performance Review (May 14, 2004).*

ETV 12

Preserve Federal K–12 Nutrition Funds

Summary
The California Department of Education (CDE) Child Nutrition Services Division is in jeopardy of losing $6 million in federal funds to support state level administration of food programs due to unfilled staff positions that are critical to the management and operation of child nutrition programs. Twenty-three federally funded positions are vacant in Child Nutrition Services, resulting in mandated federal work not being performed.

Background
The CDE administers the following food programs funded through the U.S. Department of Agriculture (USDA) budget:

- The Child and Adult Care Food Program, which provides food for programs offered at public and private nonprofit schools and residential child care institutions;
- The School Breakfast Program, which assists schools in providing nutritious breakfasts to children at reasonable prices;
- The National School Lunch Program, which provides a nutritious meal that contains one-third of the recommended dietary allowance of necessary nutrients; and
- The Special Milk Program, which assists schools and other agencies in providing milk to children at reasonable prices.[1]

These programs provide families with a low cost means of ensuring that children receive nutritionally balanced meals each day during the school year. They enhance children's learning abilities by contributing to their physical and mental well-being. Studies have shown that children whose nutritional needs are met have fewer attendance and discipline problems and are more attentive in class.[2] They also serve as an important intervention to combat childhood obesity, a serious and growing health concern.[3]

The CDE administers $1.4 billion in federal funds to support these programs. Of these funds, $18 million is retained by CDE to provide for staffing and overhead at the state level, while the balance is distributed across the state.[4] State-level child nutrition staff serve the needs of California's school children by ensuring that federal funds are dispersed to eligible school districts, providing technical assistance to programs and monitoring the programs for compliance with federal requirements.

The twenty-three vacant federally funded positions, representing 25 percent of the total state staff allocated to child nutrition programs, have been left vacant for two years. They include positions that the USDA considers critical to providing the required oversight and review of child nutrition programs. These positions are federally funded; therefore filling them would not result in any cost to the state.[5]

During oversight audits and reviews, both the California Bureau of State Audits and USDA have found CDE to be out of compliance with federal monitoring, oversight, outreach, and training requirements.[6] The USDA reviewed the performance of CDE in June 2002, and July 2003, and concluded that the Nutritional Services Division was not in compliance with federal mandates to monitor local child nutrition programs to ensure compliance with federal regulations. In March 2003, the USDA Regional Administrator advised the California Superintendent of Public Instruction that federal funding for the Nutritional Services Division's administration of these programs would cut up to one-third CDE did not find a way to meet federal requirements.[7]

The Director of Special Nutrition Programs for the Western Region of the USDA warned the Director of the Nutrition Services Division by letter on August 1, 2003 that, "If in the future the CDE does not carry out its review responsibilities in accordance with the terms it agreed to in the Child Nutrition Programs federal-state agreement, Food and Nutrition Services will be forced to take action to recover a substantial portion of the more than $16 million in federally provided state administrative expense funds from the Department of Education."[8]

All other states in the Western Region including Washington, Oregon, Nevada, Arizona, Hawaii, and Alaska are meeting the federal requirements and are not understaffed as is California. Alaska has two vacancies due to retirements but intends to fill the positions.[9]

Recommendation

The Department of Finance, or its successor should work with the Superintendent of Public Instruction to ensure that all vacant federally funded positions responsible for administration and oversight of child nutrition programs within the California Department of Education, Nutrition Services Division are filled.

Fiscal Impact

Currently, the CDE receives about $18 million to administer $1.4 billion in federal funds for several U.S. Department of Agriculture (USDA) food programs such as the school lunch program. For the previous and current fiscal years CDE has maintained about 23 vacancies in this program. These vacancies reduced the department's ability to monitor programs in about one-half of the 1,000 school districts, and to train local staff.

The USDA recently threatened to penalize the state $6 million for its reduced effort to administer these food programs. Filling the existing vacancies and increasing its training efforts would avoid the loss of federal funds, but would not affect the General Fund. Furthermore, to the extent that increased monitoring and training improve the efficiency and effectiveness of these food programs, children would benefit.

Endnotes

[1] *California Department of Education, "Learning Support-Nutrition" (http://www.cde.ca.gov/ls/nu) (last visited May 2, 2004).*

[2] *California Department of Education, "Learning Support-Nutrition" (http://www.cde.ca.gov/ls/nu) (last visited May 2, 2004).*

[3] *"California Education News," Vol. 4, No. 3, April 26, 2004, p. 3.*

[4] *California Department of Education, Budget Change Proposal Concept Paper SDO #84, Sacramento, California, March 15, 2004.*

[5] *Fax from Sandip Kaur, director, Food and Nutrition Services Division, California Department of Education, "Status of Vacancies as of May 6, 2004," to Rosemary Wilke, California Performance Review, Sacramento, California, May 7, 2004.*

[6] *California Bureau of State Audits, "State of California Internal Control and State and Federal Compliance Audit Report for Fiscal Year Ending June 30, 2004," June 30, 2004, p. 48.*

[7] *California Department of Education, Budget Change Proposal DF-46, SDO #84, Sacramento, California, March 15, 2004.*

[8] *Letter from Janet Allen, director, Special Nutrition Programs, Western Region, U.S.D.A., to Phyllis Bramson-Paul, director, Nutrition Services Division, California Department of Education, August 1, 2003.*

[9] *Interview with Allen Ng, U.S.D.A., regional administrator, Sacramento, California (May 26, 2004).*

ETV 13

Improve the Special Education Hearing and Mediation Process

Summary
The California Department of Education (CDE) is responsible for providing special education mediation and due process hearings for families with disabled children who appeal their child's educational needs assessments. CDE currently contracts with the University of the Pacific, McGeorge School of Law to perform these special education hearings and mediations. Prior to 1988, this work was performed by California's Office of Administrative Hearings (OAH). As a cost saving measure and to improve efficiency and effectiveness, these functions could be transferred back to OAH.

Background
Federal law guarantees "free appropriate public education" to all students with disabilities. To comply with federal law and obtain federal funding, states must provide certain procedural safeguards, including special education mediation conferences and due process hearings, for parents and students who wish to challenge decisions public schools make with respect to the identification, evaluation, placement and delivery of free appropriate public education to students with disabilities.[1]

Education Code Section 56505 requires that a due process hearing be conducted by a person who has satisfactorily completed training. The Superintendent of Public Instruction is required to "establish standards for the training of hearing officers, the degree of specialization of the hearing officers, and the quality control mechanisms to be used to ensure that the hearings are fair and decisions are accurate."[2]

Federal law prohibits the California Department of Education (CDE) from conducting the special education mediation conferences and due process hearings itself. The Office of Administrative Hearings conducted the due process hearings for CDE from 1981 through 1988. Since 1989, CDE has contracted with McGeorge School of Law to conduct both the special education mediation conferences and due process hearings.[3]

Mediation is a voluntary, confidential, and informal meeting at which the parties and an experienced, impartial mediator attempt to resolve the dispute in a non-adversarial atmosphere. The mediator does not provide advocacy or legal advice to either side but facilitates communication between the parties. A due process hearing is a more formal, trial-like legal proceeding where all parties are given a chance to present evidence and argument before an impartial hearing officer. The hearing officer then issues a written decision, which is the final administrative decision resolving the matter.[4]

Mediators should be permitted to function more as arbitrators. Arbitrators could review the facts and law and make strong recommendations as to the likely outcome if the matter went to a hearing. This would not bind the parties but could resolve disagreements at the local level reducing the need to hold more expensive hearings.[5]

Each year approximately 3,000 special education assessment appeals are filed with the Special Education Hearing Office. Ninety percent of the cases are resolved through mediation. The remaining 10 percent require a due process hearing.[6]

In 2000, CDE awarded a contract to McGeorge School of Law (McGeorge) for hearing officer and mediation services, to be performed from June 1, 2000, through May 21, 2003, in the amount of $23 million. The contract was extended an additional year through May 31, 2004, for an additional $11 million.[7]

According to California law, "When there are no existing civil service job classifications through which the state agency could appoint or retain employees with the knowledge, skills, expertise, experience or ability needed to perform the required work, the work may be contracted out."[8] During June 2003, when the outsourced contract was extended with McGeorge, OAH did not have enough administrative law judges, space, support and other resources to either mediate or adjudicate special education appeals.[9]

OAH was created in 1945 to serve as the state's "central panel" of generalist Administrative Law Judges (ALJs) who hear and decide impartially any dispute between a government agency and a citizen.[10] OAH has four hearing offices dispersed throughout California in Oakland, Sacramento, Los Angeles and San Diego. OAH currently conducts mediation conferences and due process hearings for the Department of Developmental Services (DDS) that are similar to, and many times associated with, the mediations and hearings that are conducted for special education cases. OAH conducts "fair hearings" for DDS under the Lanterman Developmental Disabilities Services Act.[11] Disabled clients served under this Act are the same clients that are served under the special education program.

Although OAH is not currently budgeted with an adequate number of ALJs and support staff to immediately perform special education due process hearings at this time, if new positions are budgeted next fiscal year, OAH estimated it would take approximately one year to fully staff and acquire the expertise to conduct both the special education mediation conferences and due process hearings that are required by the California Department of Education.[12] Because OAH currently performs hearings for disabled children for DDS, there is some expertise already within OAH to handle issues related to California's disabled population. With their existing expertise in disabled hearings and their four existing hearing offices in California, OAH estimates that it could perform the special education appeal mediations and hearings at a substantial cost savings.

In addition to the cost savings, the state would be in a position to provide three additional locations to serve the families of disabled children. These additional locations would substantially mitigate the difficulties for families traveling to Sacramento to argue their appeals.

Recommendations

A. **The Governor should request that the California Department of Education (CDE) enter into a Memorandum of Understanding with the State of California's Office of Administrative Hearings to conduct special education hearings and mediations.**

B. **The Governor should request that CDE increase the number of cases resolved by mediation, thereby realizing a substantial cost savings.**

C. **The Governor should request that CDE permit mediators to function more as arbitrators. The arbitrators could examine the facts and law and make stronger recommendations as to the likely outcome if the matter goes to hearing. While federal law prohibits binding arbitration, there is no prohibition against strengthening the role of the mediator.[13]**

Fiscal Impact

Currently, the CDE contracts with McGeorge School of Law to perform special education mediation and hearing services. The most recent one year contract is for $11 million. Staff discussion with the state Office of Administrative Hearings (OAH) concluded that OAH could perform the same mediation and hearing functions for a savings of between 5 percent and 30 percent. Assuming a 5 percent savings, if CDE signed an Interagency Agreement with OAH, CDE could save about $550,000 annually. Further, OAH has regional offices. This could allow OAH to resolve more cases by mediation. To the extent this is possible, CDE could achieve unknown additional savings.

General and Other Funds*
(dollars in thousands)

Fiscal Year	Savings	Costs	Net Savings (Costs)	Change in PYs
2004–05	$0	$0	$0	0
2005–06	$11,000	$10,450	$550	0
2006–07	$11,000	$10,450	$550	0
2007–08	$11,000	$10,450	$550	0
2008–09	$11,000	$10,450	$550	0

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

* Fund splits are not available at this time.

Endnotes

[1] California State Personnel Board Decision PSC No. 03-04, p. 2.

[2] California Department of Education, "Summary of Special Education Law Changes in 2003," "26th Edition of the California Special Education Programs: A Composite of Laws," p. 2 of Introduction.

[3] California State Personnel Board Decision PSC No. 03-04, March 9, 2004, p. 2.

[4] University of the Pacific, McGeorge School of Law, Institute for Administrative Justice, California Special Education Hearings Office, "Notice of Procedural Safeguards," p. 1.

[5] Memorandum from Catherine Blakemore, Protection & Advocacy Inc., to Rosemary Wilke, California Performance Review, Sacramento, California, May 14, 2004.

[6] Memorandum from Catherine Blakemore, Protection & Advocacy Inc., to Rosemary Wilke, Governor's California Performance Review, Sacramento, California (May 14, 2004).

[7] California State Personnel Board Decision PSC No. 03-04, March 9, 2004, p. 2.

[8] Government Code Section19130(b)(3).

[9] Memorandum from Melissa Meith, director, Office of Administrative Hearings, California Department of General Services, to Jeff Marschner, California Department of General Services, Office of Administrative Hearings, Sacramento, California (June 17, 2003).

[10] Memorandum from Melissa Meith, director, Office of Administrative Hearings, California Department of General Services, to Robert Van Der Volgen, general counsel and deputy secretary, California Department of General Services, Office of Administrative Hearings, Sacramento, California (June 18, 2003).

[11] California State Personnel Board Decision PSC No. 03-04, dissenting opinion, p. 15.

[12] California State Personnel Board Decision PSC No. 03-04, p. 13.

[13] Memorandum from Catherine Blakemore, Protection & Advocacy Inc., to Rosemary Wilke, California Performance Review, Sacramento, California (May 14, 2004).

ETV 14

Decrease the Cost of K–12 Textbooks

Summary

California schools are facing two issues regarding textbook acquisition: availability and cost. More than half a million students do not have textbooks to use in class and approximately two million students cannot take textbooks home to do homework.[1] School textbook prices have risen alarmingly in recent years. Depending on the subject, a single elementary textbook can range in price from $30 to $100. Legislation should be enacted to reduce the cost of K–12 school textbooks.

Background

The State is required to provide students with textbooks. State Constitution Article IX Sec. 7.5 states, "State Board of Education shall adopt textbooks for use in grades one through eight throughout the state, to be furnished without cost as provided by statute."[2]

The American system of textbook production and purchasing is inherently splintered. On the supply side, there are private businesses that must capture a significant share of the national market in order to remain in business. On the demand side, there are 50 states, each with a constitutional responsibility for governing its public education system. Twenty states exercise varying degrees of control over textbooks, and thus the 15,000 school districts in the nation have varying degrees of autonomy over textbook selection.[3]

Twenty states, including California, are called "adoption states" because they "adopt" a list of state-approved textbooks and bear the cost of textbooks for all students in the state. Some adoption states are far more attractive to publishers than others. California, Texas and Florida offer the potential for large profits to publishers because, collectively, they represent about 25 percent of the total national market. If a publisher's book can clear the adoption hurdle in one or more of these states, the company's viability is virtually guaranteed. Conversely, if a company fails to win such approval, it is shut out of the entire market in that state and may be forced out of business. Adoptions contests are a highly competitive business, especially in California. Therefore, publishers study the curriculum frameworks, bid specifications, selection criteria and politics in those states. With very few exceptions, publishers cannot afford to develop a textbook tailored to any one state's demands. In deciding what to put in a book, each publishing house takes into account the aggregate demands of a handful of market areas. How each publisher defines this aggregation is a trade secret, but it is clear that the combined curricular demands of California, Texas, and Florida dominate the scope and sequence of nearly all textbooks published by mainstream houses.[4]

Standards-based instructional materials

The State Board of Education reviews and adopts standards-based textbooks for kindergarten through eighth grade. In his State of Education in California speech on February 11, 2004, State Superintendent Jack O'Connell stated his goals for development of world-class, standards-based instructional materials for high schools. He proposed a new system of statewide review and approval of high school instructional materials to ensure they are fully aligned to California's standards. Districts would not be limited in the books they choose. But they would be guided to standards-aligned materials.[5]

The State Superintendent's goal is to improve high school instructional materials and foster use of standards-based texts. He asked the State Board of Education to work with him to develop a state "seal of approval" for high school instructional materials so that our schools will have guidance in choosing materials that are standards aligned.[6]

Availability of funds

The Governor's May Budget Revision 2004–2005 provides $100 million to partially restore funding for the purchase of standards-aligned instructional materials to the level proposed in the 2004–2005 Governor's Budget. In January, $188 million was budgeted for this purpose in addition to the $175 million base amount that is proposed to be shifted to revenue limits. As noted above, the agreement allows an increase in Proposition 98 funds available above the amount anticipated in January to be used to make a restoration of the initial augmentation.[7]

Digital books

Many college books are going digital. One major educational company plans to release 300 online titles this fall at half the price of regular textbooks, and dozens of other online textbooks and supplemental materials are already available. Digital textbooks can cut costs and streamline note taking. They also allow professors to link classroom notes to online materials for more discussion and easily update items as needed. Digital textbooks can be updated frequently, for example, history books can include information on what happened in the Legislature two weeks ago. There is no longer any need for textbooks to be out of date. Digital textbooks can save school systems money. Textbooks are easily damaged, lost and quickly outdated. Digital textbooks can always stay up-to-date, and are inexpensive to replace.[8]

Computers have long been viewed as excellent resources for educational material. Recent advances in electronic book technology, coupled with the natural extension of computing into the classroom, have created a new opportunity for publishers to explore a multitude of distribution possibilities. The timing is right for market exploration.[9]

Recommendations

A. **The Governor should work with the Legislature to require publishers to furnish their instructional materials in California at a price, including all costs of transportation,**

that does not exceed the lowest price at which the publisher offers these materials for adoption or sale to any state or school district in the United States, and to automatically reduce the price of those instructional materials to any governing board to the extent that reductions are made elsewhere in the United States.

B. **The Governor should request that California's school districts consider purchasing e-books and other electronic forms of study materials in place of hard cover textbooks, where practical.**

C. **The Governor should request that the California Department of Education inform the public which schools provide adequate textbooks and other instructional materials and which do not, and should provide qualitative evaluations of instructional materials to local school districts.**

Fiscal Impact

Textbook purchases constitute a significant portion of school district budgets. To the extent that demanding the lowest price offered by textbook manufacturers to any other state reduces textbook costs to school districts in California, districts would achieve savings they can redirect to other Proposition 98 eligible expenditures.

Encouraging the use of "e-books" in lieu of regular textbooks in California schools would result in both costs and savings. E-books are less expensive, however, school districts would incur costs to purchase e-book readers or personal computers. To the extent the savings from use of e-books exceeds the cost of the readers; school districts would achieve savings they could use for other Proposition 98 eligible expenditures.

Endnotes

1 *University of California at Los Angeles Institute for Democracy, Education & Access, "California's Textbook Crisis," Los Angeles, California 2002 (pamphlet).*

2 *State of California, State Constitution, Article VIII, Article IX Sec. 7.5.*

3 *National Education Goals Panel, "Overcoming Structural Barriers to Good Textbooks," by Harriet Tyson (1997) p. 1.*

4 *National Education Goals Panel, Overcoming Structural Barriers to Good Textbooks, pp. 2–5.*

5 *State of California Education Address, "State of Education in California," by Jack O'Connell (Sacramento, California, February 11, 2004), http://www.cde.ca.gov/eo/se/se/speech.asp (last visited May 15, 2004).*

6 *"Statement to the Board of Education," remarks by Jack O'Connell, State Superintendent of Public Instruction, March 10, 2004.*

7 *Department of Finance, "Governor's Budget May Revision 2004–2005" (Sacramento, California, May 13, 2004), p. 20.*

8 *Wendy Woudstra, "The Future of Textbooks: E-books in the Classroom," http://www.publishingcentral.com/articles/20030813-68-4409.html?si=5 (last visited March 12, 2004).*

9 *Mike Letts, "E-Textbooks Test Emerging Platforms," "The Seybold Report: Analyzing Publishing Technologies" (Vol. 1 No. 1: April 2, 2001), p. 2.*

ETV 15

Make it Easier for Students to Transfer from a Community College to a University

Summary
The ability to start at a community college and transfer to a four-year university is critical to the success of many students in California. Unfortunately, the process of transferring college credits to a university is complex, confusing and disjointed. Developing a consistent process for transferring these credits will reduce costs to the General Fund and it will reduce costs to those students who now have to take the same course over again at a university.

Background
The state's higher education system is made up of the California Community College (CCC) system, the University of California (UC) system and the California State University (CSU) system. One function of community colleges is to provide lower division, undergraduate courses for students who want to later transfer to the UC or CSU systems. This system improves access to the state's universities by providing a lower-cost way to complete the first two years of getting a bachelor's degree.

Transfer students from community colleges have experienced continued academic success at both UC and CSU. In the Fall of 2001, transfer students constituted 31 percent of the upper division students in the UC system.[1] These students have proven to be well prepared for upper-division work. UC reports that, "There are virtually no differences in the upper division GPAs of native juniors and junior transfers overall or by disciplinary category."[2] Two common measures of university success are persistence (students continue to enroll and pursue a degree) and graduation. In these areas, transfer students rival or outperform students who started at the universities as freshmen.[3]

The problem
Unfortunately, the transfer process is a maze for most students. To be sure that the courses they take will transfer, a community college student must have already decided their major and identified the specific university they want to attend. They must also hope that their community college has an articulation agreement with that university. An articulation agreement is an agreement between two individual campuses to accept each others' courses.

Many college students take courses that will not transfer or that will not be accepted for a specific requirement at a specific university. These students have to take additional classes to compensate. Most transfer programs require 60 units, including 39 units of General Education courses in specific areas. The maximum credits accepted for transfer to CSU is 70.[4] A 2000 study of CSU graduates showed that transfer students accrued an average 81 units at a community college and 76 units at CSU.[5] Community college data for the 2002–2003 school year, shows the average transfer student to the CSU system had accrued 76 units (excluding remedial coursework), and the average transfer student to the UC system had accrued 90.[6]

Because community colleges and universities enter into campus-to-campus instead of system-wide articulation agreements, a community college class may be accepted by one university but not another. As a result, transfer students often have to repeat courses that are not accepted once they enroll in a university. Despite the fact that UC actively cautions community college students to choose their courses very carefully if they want to graduate within two years after transferring to a UC campus, the average UC transfer student takes 2.6 years to earn a bachelor's degree.[7]

Past efforts to solve the problem

Over the last twenty years, California has attempted to deal with the "articulation problem" by implementing the following programs:

California Articulation Numbering System (CAN)

After a pilot period, CAN was adopted by CCC and CSU statewide in 1985. It is a cross reference course identification system for lower division, transferable courses. Each campus retains its own course number, prefix and title. If applicable, the course is also listed with a CAN number. Courses with the same CAN number are considered comparable and acceptable in lieu of each other. The main problem with this program is that not all public postsecondary institutions participate in CAN, and most UC campuses do not. CAN is funded by the state, through CSU and CCC. It was originally funded by all three higher education systems, but UC withdrew its funding in 1990.[8]

Articulation System Stimulating Interinstitutional Transfer Project (ASSIST)

ASSIST also began in 1985. It is a computerized articulation and transfer planning database. Students and the general public can use ASSIST online to see how courses taken at one college or university can be used when transferred to another. ASSIST incorporates agreements reached through CAN, the Intersegmental General Education Transfer Curriculum (IGETC) and individual articulation agreements. As California's official repository of articulation, ASSIST provides the most accurate and current information regarding transfer of courses. ASSIST is jointly supported by CCC, UC and CSU.

Intersegmental General Education Transfer Curriculum (IGETC)

IGETC was adopted by CCC, CSU and UC in 1992. It is a core general education program that specifies which courses meet each of the general education requirements at CSU or UC. Community college students can use IGETC courses to fulfill lower division, general education requirements at any CSU or UC campus. Community colleges often offer additional courses that may be accepted for transfer to individual campuses.

Intersegmental Major Preparation Articulated Curriculum (IMPAC)

IMPAC began in 1999. It is a voluntary initiative designed to get faculty to work together to develop a common understanding of major preparation requirements around the state. Faculty members often have different ideas of what skills and knowledge are expected of students in their major and IMPAC attempts to get CSU and UC faculty to agree on consistent standards that can be used to develop articulation agreements with other higher education systems. IMPAC is funded through contract funds allocated through the community colleges.

These programs have had some success, but comprehensive and successful statewide articulation remains unrealized. Community college students remain confused and hampered by a transfer process that is limited by individual campus-to-campus articulation agreements.

Current efforts to solve the problem

There is considerable legislative interest in improving transferability from community colleges to universities. There are two bills under consideration in the current legislative session related to this issue. Senate Bill (SB) 1415 would extend the use of CAN and SB 1785 would set deadlines for CSU to develop core curriculum requirements, articulate courses with CCC and reform transfer admissions.

CSU is also currently revising its transfer regulations to create a core set of requirements for each "high priority" major accepted at any CSU campus offering the major. In addition to the core requirements, each campus will be allowed to establish some campus-specific requirements. The regulations state that, "community college students will need to identify a major program early and commit to a CSU campus by the time they complete 45 semester units."[9] The problem with this effort is that while the proposed regulations would give students priority if they commit to a major and campus, there is no provision that would actually guarantee them admission to that campus or major.[10] On the other hand, some UC campuses will guarantee admission, but many won't guarantee admission to a particular major or exclude popular majors from the program.[11] Some guarantee programs, such as UC Berkeley's, are limited to students who applied to UC Berkeley as freshmen and were invited to participate.[12]

Students entering the community college system are entitled to a clear, smooth passage to higher education. To accomplish this, clear course requirements that uniformly transfer to any

CSU or UC campus are essential. System-wide articulation is especially critical now, when limited resources are causing universities to divert students to the community colleges.

Recommendation

The Governor should work with the Legislature to develop core, lower division, general education and major requirements that are recognized and accepted by all California public universities, as well as a conditional acceptance process that guarantees a transfer student's admission to a specific campus and major if the student meets the stated requirements.

Fiscal Impact

If the California colleges and universities improve the transfer process, students will take fewer unnecessary classes before transferring. This will result in savings as colleges encourage students to only take the classes necessary to reach their ultimate goal or degree. To achieve actual cash savings, the number of students required to be served (as reflected in the current budget act) must be reduced. Alternatively, if that number is not reduced, the state will achieve efficiency savings resulting in educating 22,000 more students each year. In addition to the state's savings, students will realize personal savings because they will spend less time and expense earning a degree.

Following is a table of the average units achieved over the maximum and the resulting cost:

	CSU	**UC**
Average Unit per Transfer Student	76	90
Maximum Transferable Units	70	70
Units Achieved over Maximum	6	20
Average Number of Students Annually	55,000	9,900
Total Extra Units	330,000	198,000
Full-Time Equivalent Students (FTEs) (units/24)	13,750	8,250
Estimate Funding for FTEs at CCC	$4,000	$4,000
Annual Potential Savings	$55,000,000	$33,000,000

(Whole dollars)

The fiscal table below assumes that institutions will realize savings beginning in Fiscal Year 2006–2007. The first-year savings represents one-third of total potential savings as only an estimated one-third of students will be impacted by the recommendations. By FY 2007–2008, two-thirds will be impacted and by FY 2008–2009, 100 percent will be impacted.

Other Funds—Prop. 98
(dollars in thousands)

Fiscal Year	Savings	Costs	Net Savings Prop 98 only	Change in PYs
2004–05	$0	$0	$0	0
2005–06	$0	$0	$0	0
2006–07	$29,000	$0	$29,000	0
2007–08	$58,000	$0	$58,000	0
2008–09	$88,000	$0	$88,000	0

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

Endnotes

1 *University of California, Office of the President, "Transfer Education at the University of California: A Review of Available Data Regarding the Effectiveness of the Master Plan Transfer Function" (January 2004), p. 6, http://www.universityofcalifornia.edu/regents/regmeet/jan04/302attach.pdf (last visited June 10, 2004).*

2 *University of California, Office of the President, "Transfer Education at the University of California: A Review of Available Data Regarding the Effectiveness of the Master Plan Transfer Function" (January 2004), p. 13.*

3 *California Postsecondary Education Commission, "Performance Indicators of California Higher Education, 2000," http://www.cpec.ca.gov/completereports/2001reports/01-03.pdf (last visited June 10, 2004).*

4 *California State University Board of Trustees, Committee on Educational Policy, "Agenda" (May 18, 2004), p. 11. http://www.calstate.edu/BOT/agendas/May04/EdPol.pdf (last visited June 10, 2004).*

5 *California State University Board of Trustees, Committee on Educational Policy, "Agenda" (May 18, 2004), p. 11.*

6 *E-mail from Patrick Perry, vice chancellor, California Community Colleges, to California Performance Review (March 14, 2004).*

7 *University of California, Office of the President, "University of California—Answers for Transfers," http://www.ucop.edu/pathways/infoctr/at/atplan_trans.html (last visited June 10, 2004).*

8 *Academic Senate for California Community Colleges, "The California Articulation Number System (CAN): Toward Increased Faculty Participation," http://www.academicsenate.cc.ca.us/Publications/Papers/CANS98.htm (last visited June 10, 2004).*

9 *California State University Board of Trustees, Committee on Educational Policy, "Agenda" (May 18, 2004), p. 16.*

10 *California State University Board of Trustees, Committee on Educational Policy, "Agenda" (May 18, 2004), p. 18.*

[11] *Palomar College, "Summary of Guarantee Programs to the University of California," http://www.palomar.edu/counseling/transfercenter/pdf%20files/TAA_Summary.pdf (last visited June 10, 2004).*

[12] *Santa Monica College, "Guaranteed Admission Programs," http://www.smc.edu/transfer/services/guaranteed.htm, (last visited June 10, 2004).*

ETV 16

Provide a Fee Waiver in Lieu of a Cal Grant Award

Summary

All financially needy students attending a community college in California are eligible to receive a waiver of their statewide community college enrollment fee. A similar fee waiver program should be established for financially needy undergraduates attending the University of California (UC) and the California State University (CSU). Under this program, qualified undergraduates would receive a waiver of the system-wide enrollment fees in lieu of a Cal Grant award. This proposal would lower state administrative expenses and simplify the process of obtaining aid for parents, students and higher education institutions.

Background

The state's Cal Grant Program is administered by the California Student Aid Commission (CSAC). The program provided about $500 million in assistance to financially needy undergraduate students in the 2001–2002 academic year.[1] In the 2003–2004 academic year, the Cal Grant Program is expected to distribute about $670 million in grant aid to students.[2]

The program has four major types of grant awards. Cal Grant A award recipients attending UC and CSU receive a Cal Grant award that covers their system-wide student fees. Enrollment fees for Cal Grant A award recipients attending a community college are waived through the Community College Board of Governors Fee Waiver Program.

During their first year of college, Cal Grant B award recipients typically receive a "subsistence" allowance (currently set at $1,551 and adjusted annually in the Budget Act) to assist them with non-fee related college expenses. In subsequent years, Cal Grant B recipients receive the subsistence allowance and a grant award that covers their system-wide student fees at UC and CSU. Cal Grant B award recipients attending community colleges receive only the subsistence allowance, since their enrollment fees are waived through the Community College Board of Governors Fee Waiver Program.[3]

The other two Cal Grant awards are Cal Grant C and Cal Grant T awards. Cal Grant C awards provide assistance to financially needy students pursuing vocational educational programs. Cal Grant T awards support financially needy students enrolled in fifth-year teacher preparation programs.[4] In the 2001–2002 academic year, 92 percent of Cal Grants were comprised of Cal Grant A and B awards.[5]

Prior to 2001, Cal Grant A and B award recipients were selected using a competitive statewide process. For each award category, eligible students were scored and rank-ordered according to the award's selection criteria. A cutoff score was determined based upon available funding for the program. Students whose scores met or exceeded the cutoff score and who met other basic eligibility requirements received an award. CSAC collected information regarding student grade point averages (GPAs) and financial resources, and used this information in conjunction with annual funding levels to determine the statewide cutoff score for each award.[6] CSAC played a central role in collecting Cal Grant applications, determining award status, communicating award status to students, tracking eligibility, and managing the payment process between CSAC and participating institutions.[7]

Beginning in 2001, the Cal Grant Program was significantly changed through enactment of Senate Bill 1644, Ortiz (Chapter 403, Statutes of 2000) that created two distinct methods of qualifying for Cal Grant A and B awards, each targeted toward a different segment of the college-going population:

- Entitlement A and B awards are now guaranteed to all recent high school graduates who meet predefined eligibility requirements. Each award type has a fixed minimum GPA requirement and a set of income and asset ceilings;[8] and
- Competitive A and B awards are awarded to students who do not meet the eligibility requirements of the entitlement program. New awards under this program are limited to 22,500 statewide. Applicants are scored, rank-ordered, and selected in a manner similar to that used for the pre-entitlement programs.[9]

In administering the Cal Grant Program, CSAC determines whether a student is financially needy and has met other eligibility criteria outlined in state law. The college or university at which the student is enrolled is also responsible for calculating a student's financial need and ensuring the student has met program eligibility criteria. This results in a duplication of time, effort and resources. Since colleges and universities are required to complete the needs analysis in order to determine whether the student is eligible for other student financial aid programs, the CSAC needs analysis and grant determination functions are duplicative and unnecessary.

A recent report issued by the California Postsecondary Education Commission identified several problems associated with the delivery of Cal Grant awards:[10]

- Students must interact with multiple entities—CSAC, their high school and the colleges to which they have applied for financial aid—to ensure that their eligibility determination is made based upon complete and accurate data;
- Many students receive award letters from CSAC that lack sufficient information about their financial aid package to make an informed decision about their education or choice of institution;

- Colleges and universities must administer a financial assistance program that differs significantly from the federal Pell Grant Program and every other major source of federal and institutionally administered student aid program;
- Much of the work performed by CSAC duplicates the work that financial aid offices already perform in determining student eligibility for financial aid programs and assembling aid packages; and
- While CSAC has worked diligently to improve many aspects of the delivery system, it is based upon a centralized model that was more appropriate for the pre-entitlement Cal Grant Program. This results in needless duplication and added complexity.

Many college and university financial aid directors support changes to the current program, noting that CSAC's "current administrative practices and reporting requirements are very cumbersome and time consuming in order [for institutions] to access funds to deliver to deserving students. No longer does CSAC need their workforce to apply need analysis as campuses have historically been the ultimate decision-makers in the determination of [student] eligibility."[11]

The most recent year for which relatively complete student financial aid information is available is for the 2001–2002 academic year. During that academic year, approximately 66,300 undergraduates were determined to be financially needy at UC and about 145,700 undergraduates were identified as financially needy at CSU.[12] Assuming that these financially needy undergraduates were all required to pay the full-time fee amount (recognizing that a few students would pay only the part-time fee amount since they were enrolled in fewer than six units), the system-wide fees for these students in the 2001–2002 Fiscal Year was about $227 million at UC and about $208 million at CSU.

In 2001–2002, undergraduates at UC received approximately $135 million in support from the Cal Grant Program and other state-administered student aid programs and $221 million in undergraduate institutional grant and scholarship support.[13] The existing Cal Grant aid levels, coupled with a relatively small portion of undergraduate institutional grant aid, would be sufficient to fully fund the proposed fee waivers at UC.

Undergraduates at CSU received approximately $83 million in support from the Cal Grant Program and other state-administered student aid programs and $130 million in institutional grant and scholarship support in 2001–2002. These two sources combined are sufficient to fully fund the proposed fee waiver program for all financially needy CSU undergraduate students.[14]

Implementation of the fee waiver program will result in lower state administrative expense and simplify the process for parents, students and postsecondary education institutions. Creation of the fee waiver program at the state's public universities should serve several beneficial purposes. The program would send a clear message to parents and students that fees will not be an impediment that prevents financially needy students from attending the state's public colleges or universities. The process of obtaining student fee assistance would be simplified by reducing the current application and paperwork requirements associated with the Cal Grant Program. Staff and related expenses associated with CSAC would also be reduced.

Recommendations

A. **The Governor should work with the Legislature to amend relevant Education Code sections replacing portions of the state's current Cal Grant A and Cal Grant B programs with a new fee waiver program at the state's public universities.**

   Specifically, the Education Code should be amended to provide a waiver of the system-wide student fees for all financially needy California resident undergraduates attending the University of California and the California State University. Under the amended law, these financially needy undergraduates should receive a waiver of system-wide fees in lieu of a Cal Grant award.

B. **Beginning in 2006–2007, Cal Grant funds for financially needy students at California community colleges should be appropriated directly to the community colleges.**

   The Community College Chancellor's Office should allocate these funds to the community college districts based on the number of financially needy students enrolled in each district. Campuses should disburse these funds to financially needy students consistent with eligibility criteria outlined in California Education Code Section 69538.

Fiscal Impact

The savings displayed on the following table assume implementation of the new fee waiver program effective July 1, 2006. Approximately $5.6 million in savings are anticipated during the first year of implementation due to first-year costs associated with administrative changes required to convert from the current Cal Grant program to the new fee waiver program. After the first year, the fee waiver program is estimated to generate total annual savings of approximately $6.6 million to the Loan Operating Fund. These savings are derived entirely from reduced administrative and staffing expenses at CSAC. CSAC's current support budget for its grant programs is approximately $11 million. It is estimated that about 60 percent of that budget supports administration of Cal Grant awards for students attending the state's public colleges and universities. Implementation of the fee waiver program will likely result in the need for approximately 77 fewer CSAC staff positions.

Loan Operating Fund
(dollars in thousands)

Fiscal Year	Savings	Costs	Net Savings (Costs)	Change in PYs
2004–05	$6,600	$1,000	$5,600	(77)
2005–06	$6,600	$0	$6,600	(77)
2006–07	$6,600	$0	$6,600	(77)
2007–08	$6,600	$0	$6,600	(77)
2008–09	$6,600	$0	$6,600	(77)

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

Endnotes

1 *EdFund, "California Trends in Student Aid, 1992–93 to 2001–02," 2004, p. 16.*

2 *EdFund, "California Trends in Student Aid, 1992–93 to 2001–02," 2004, inside cover.*

3 *Edu. C. Sections 69435 and 69532.*

4 *Edu. C. Section 69532.*

5 *For a complete description of the current Cal Grant programs and their eligibility requirements, see California Student Aid Commission's website at http://www.csac.ca.gov (last visited May 20, 2004).*

6 *The Cal Grant GPA is basic measure of academic performance used to determine eligibility for a Cal Grant award. For applicants who are high school students, this GPA is based upon all coursework in grades 10 and 11 except physical education, ROTC, and remedial courses; it differs from the GPA used in UC and CSU admissions decisions as well as the GPA used by most independent institutions. For applicants who have already completed significant college or community college work, the Cal Grant GPA is calculated on the basis of all college work completed excluding nontransferable units.*

7 *Then, as now, a student's preliminary award status was subject to change based upon their enrollment decision and institutional verification of student eligibility.*

8 *Edu. C. Sections 69434–69436.5.*

9 *Edu. C. Section 69437.*

10 *California Postsecondary Education Commission, "Commission Recommendations on Alternate Delivery Options for the State's Cal Grant Program," February 2003, p. 13.*

11 *E-mail message received by California Performance Review staff on (May 4, 2004).*

12 *California Postsecondary Education Commission (CPEC), unpublished data provided by the University of California Office of the President and the California State University Chancellor's Office to CPEC, November 2003.*

13 *EdFund, "California Trends in Student Aid, 1992–93 to 2001–02, 2004," p. 20.*

14 *EdFund, "California Trends in Student Aid, 1992–93 to 2001–02, 2004," p. 22 and California Postsecondary Education Commission (CPEC), unpublished data provided by the University of California Office of the President and the California State University Chancellor's Office to CPEC, November 2003.*

ETV 17

Make Higher Education More Affordable by Reducing the Cost of Textbooks

Summary

To reduce the increasing costs of obtaining a higher education, the state's public colleges and universities should implement various options to reduce the increasing cost of college textbooks, including encouraging faculty to consider the price of textbooks when making textbook selection decisions.

Background

According to the National Association of College Stores, the wholesale price of college textbooks has gone up 32.8 percent since 1998, almost double the 18 percent increase in the wholesale price of ordinary books over the same period. This wholesale price is set by textbook publishers and does not represent an increase by college bookstores. The average annual increase was 5.9 percent for college texts compared to an average annual increase of 3.1 percent for other books. Nationally, the National Association of Independent Colleges and Universities reports that the average cost of books and supplies for a first-time, full-time student was $867 in the 2002–03 academic year. A Fall 2003 survey conducted by the University of California (UC) revealed that UC students spend an average of $898 per year on textbooks.

A January 2004 report found that textbook publishers engage in a number of market practices that drive up the price of textbooks for college and university students. The report produced by the California Public Interest Research Group (CALPIRG) surveyed the most widely taught books at colleges and universities in California and Oregon and the faculty that teach those books.[1] The report found that even though students already pay about $900 per year for textbooks, textbook publishers artificially inflate the price of textbooks by adding unnecessary additions to the current texts, and forcing cheaper used books off the market by producing expensive new editions of textbooks that differ only marginally from the previous version. The report also found that most of the faculty members surveyed in the report do not think many of these add-ons are useful. The report also found that faculty is supportive of efforts to reduce textbook costs and extend the shelf life of current textbook editions.

A prominent publisher who produces a widely taught series of introductory calculus textbooks provides an example of how publishers artificially drive up textbook prices. Inspection of one of its most popular books revealed only cosmetic changes between the current edition, produced in 2003, and the previous edition, produced in 1999. However, the price difference was significant—a new copy of the book sells for about $130, while a used copy of the previous edition sells for between $20 and $90, depending on the seller.[2]

That publisher also charges American students significantly more than their British and Canadian counterparts. According to the publisher's website, the introductory calculus textbook sells for $125 to American students, but only $97 to Canadian students and only $65 to British students. This practice is widespread in the industry and has come under a great deal of recent scrutiny.[3]

In its report, CALPIRG released a series of policy recommendations to make college textbooks less expensive, including:[4]

- Publishers should work to keep the cost of producing their books as low as possible without sacrificing educational content;
- When publishers sell their textbooks bundled with other items, they should also sell the same textbook separately;
- Each textbook edition should be kept on the market as long as possible without sacrificing the educational content. Publishers should give preference to paper or online supplements to current editions over producing entirely new editions;
- Publishers should pass on cost savings from online textbooks to students;
- Faculty should have the right to know how their textbook choices will financially impact students. Publishers should disclose all of the different products they sell—including both bundled and unbundled options, list how much each of those products costs, the length of time they intend to produce the current edition, and how the newest edition is different from the previous edition;
- Faculty should give preference to the least costly textbook option when the educational content is equal; and
- There should be multiple forums for students to purchase used books. Colleges and universities should consider implementing rental programs similar to those at several universities in Wisconsin and Illinois and encourage students to consider using online book swaps so that students can buy and sell used books and set their own prices.

The CALPIRG report's recommendations have been reviewed and endorsed by some faculty members and a former textbook industry executive. "This report is an impressively researched piece of work and gives a fine perspective on the problem of high textbook prices along with some possible solutions. It should be carefully reviewed by everyone who has buying authority for college textbooks," said Erwin Cohen, a retired Academic Press executive.[5]

On February 19, 2004, Assemblywoman Liu introduced legislation, Assembly Bill 2477, that would urge textbook publishers to take specific actions aimed at reducing the amounts that students currently pay for textbooks. The bill would require the Trustees of the California State University and the Board of Governors of the California Community Colleges, and would request the Regents of the University of California, to encourage faculty members, when assigning textbooks, to give preference to practices that are less costly to students and to encourage campuses to provide as many forums as possible for students to purchase used textbooks.[6]

Based on increased media attention to the significant increases in college textbook prices, on March 1, 2004, 15 members of Congress, including George Miller of California, wrote to the U.S. Comptroller General to request an investigation into the pricing policies of U.S. college textbook publishers.

Recommendation

The Governor should work with the Legislature to enact state law in an effort to reduce the cost of college textbooks.

This law should require college and university faculty to:

- Consider the price of textbooks when making textbook selection decisions;
- Give preference to the least costly textbook option when the educational content of textbooks is equal;
- Inform students as to whether previous editions of the chosen textbook for the course will be adequate and sufficient for the course; and
- Select textbooks from only those publishers who have agreed to sell their textbooks and supplemental materials in an "unbundled" format.

This law should require college and university administrators to:

- Notify their faculties about various textbook options, textbook publishers that have agreed to sell their textbooks in an "unbundled" format, and the costs of alternatives;
- Explore the feasibility of implementing textbook rental programs similar to those in place at several universities in Wisconsin and Illinois; and
- Facilitate and publicize to students the availability of online book swaps so that they can buy and sell used textbooks at their own prices.

Fiscal Impact

Implementation of these recommendations should help reduce the overall costs of higher education faced by students. There will be no costs or savings to the General Fund.

Endnotes

[1] *California Public Interest Research Group (CALPIRG), "Rip-Off 101: How the Current Practices of the Textbook Industry Drive Up the Cost of College Textbooks," January 2004, http://calpirg.org/reports/textbookripoff.pdf (last visited June 21, 2004).*

[2] *California Public Interest Research Group (CALPIRG), Press Release dated January 29, 2004, http://calpirg.org/CA.asp?id2=11988&id3=CA& (last visited April 27, 2004).*

[3] *California Public Interest Research Group (CALPIRG), Press Release dated January 29, 2004.*

[4] *California Public Interest Research Group (CALPIRG), "Rip-Off 101: How the Current Practices of the Textbook Industry Drive Up the Cost of College Textbooks," January 2004, pp. 17–18.*

5 *California Public Interest Research Group (CALPIRG), Press Release dated January 29, 2004.*

6 *Assembly Committee on Higher Education, Analysis of Assembly Bill 2477 (Liu)—As amended on March 23, 2004, http://www.assembly.ca.gov/acs/acsframeset2text.htm (last visited April 27, 2004).*

ETV 18

Increase College and University Tuition for all Non-Resident Students

Summary

The tuition that non-resident students pay to attend a state college or university is far less than what they pay to attend similar quality institutions in other states. Increasing tuition for non-resident students will generate additional revenue for the state's colleges and universities without increasing taxes and without increasing the fees paid by resident students.

Background

The 1960 *Master Plan for Higher Education* firmly established California's commitment to making its public colleges and universities accessible to everyone.[1] To achieve this, California's taxpayers significantly subsidize tuitions charged by the state's higher education system comprised of: the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC). The intent of taxpayer subsidy is to reduce costs to students who are California residents. Non-residents pay a tuition surcharge.[2] All public colleges and universities in the country have tuition surcharges for out-of-state residents.[3] This is because legislatures and governing boards do not want their residents to assume the financial burden of educating people whose presence in the state is not intended to be permanent.[4]

How California compares to other states

The Washington Higher Education Coordinating Board (HECB) conducts an annual survey of tuition and fees at all public institutions. Exhibit 1 summarizes the HECB report findings for Fiscal Year (FY) 2003–2004 non-resident tuition and fees. The table shows that UC non-resident fees are relatively high compared to the national average for comparable institutions, while CSU fees are close to the national average and CCC fees are relatively low. More importantly, however, UC fees are currently 23 percent lower than the highest flagship university, CSU fees are 23 percent lower than the highest state university and CCC fees are 63 percent lower than the highest community college fees.[5]

Exhibit 1—Summary of Undergraduate, Non-resident Tuition and Required Fees at Public Institutions Nationwide Compared to California

	Flagship University[6] (compare UC)	State University[7] (compare CSU)	Community College
California[8]	$19,740	$11,000	$4,470
Highest	$25,733 in Michigan[9]	$14,226 in Wisconsin	$12,133 in Wisconsin
Lowest	$8,826 in Mississippi	$6,595 in Nebraska	$1,978 in Nebraska
Average	$14,468	$10,526	$5,702

Although not directly comparable, tuition at private colleges can also be used as a factor in determining fair market value for the UC.[10] A survey of private colleges reveals that UC non-resident tuition is well below tuition at private colleges.[11]

An overall increase in non-resident tuition of 45 percent would bring California's tuitions in line with the highest non-resident tuitions charged by comparable college and university systems like those in Michigan and Wisconsin.

Scaring off non-resident students if tuition is raised

Increasing non-resident tuition is unlikely to decrease non-resident enrollment. In a 2003 tuition study, Rizzo and Ehrenberg found that, "out-of-state enrollment levels are relatively insensitive to out-of-state tuition levels charged by institutions."[12] Viehland's 1989 study described non-residents as only moderately price sensitive.[13]

Recommendation

The Governor should work with the University California Board of Regents, the California State University Board of Trustees, and the California Community Colleges Board of Governors or its successor to increase non-resident tuition at all state colleges and universities by 45 percent above 2003–2004 rates.

It should be noted that the Governor's proposed budget for FY 2004–2005 already includes a 20 percent non-resident fee increase at the University of California and the California State University.

Fiscal Impact

Per the "Higher Education Compact: Agreement Between Governor Schwarzenegger, the University of California, and the California State University, 2005–06 through 2010–11," increased tuition revenue will not reduce General Fund allocations to UC or CSU.[14] Accordingly, implementing the recommendation will not result in savings to the General Fund, but will result in increased revenue for the state's colleges and universities with no increase in taxes or tuition for resident students.

Savings are calculated based on the non-resident surcharge portion of tuition as shown in the table below.

2003–04	UC	CSU
Required Fees	$6,010	$2,572
Non-resident surcharge	$13,730	$8,460
Total	$19,740	$13,604

Increasing the 2005–2006 non-resident surcharge by 45 percent above 2003–2004 rates will raise undergraduate non-resident full-time tuition to approximately $26,000 per academic year at UC, $15,000 per academic year at CSU and $6,480 per year at the Community Colleges. The table reflects the 20 percent non-resident fee increases at UC and CSU proposed in the Governor's Budget.[15] Additionally there is a seven percent annual increase in fees beginning in FY 2006–2007.[16]

Special Fund

(dollars in thousands)

Fiscal Year	Revenue	Costs	Net Revenue (Costs) for UC, CSU, Prop 98	Change in PYs
2004–05	$48,804	$0	$48,804	0
2005–06	$176,371	$0	$176,371	0
2006–07	$216,149	$0	$216,149	0
2007–08	$258,711	$0	$258,711	0
2008–09	$304,253	$0	$304,253	0

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

Endnotes

1 *State Department of Education, "A Master Plan for Higher Education in California, 1960–1975" (Sacramento, California, 1960).*

2 *Edu. C. Section 68050.*

3 *National Bureau of Economic Research, "Resident and Nonresident Tuition and Enrollment at Flagship State Universities" (Working Paper 9516) by Michael J. Rizzo and Ronald G. Ehrenberg (Cambridge, Massachusetts,*

February 2003), p. 2; and Washington Higher Education Coordinating Board (HECB), "Washington State Tuition and Fee Report 2003–04" (Olympia, Washington, January 2004), pp. 29–71.

4 *College Board, "Guide to State Residency: Frequently Asked Questions," http://www.collegeboard.com/about/association/international/residency.html (last visited June 4, 2004); WICHE Policy Insight Series, "College Student Migration" (Boulder, Colorado, December 1995).*

5 *Washington Higher Education Coordinating Board (HECB), "Washington State Tuition and Fee Report 2003–04," pp. 29–71.*

6 *Definition from the Carnegie Commission classification of public land grant Research Universities Category I with medical schools, which typically offer a wide range of baccalaureate degrees and education through the doctoral level.*

7 *Definition from the Carnegie Commission classification of public institutions Comprehensive Colleges and Universities Category I, which typically offer a wide range of baccalaureate degrees and education through the master's level.*

8 *Legislative Analyst's Office, "2004 Budget Analysis: Intersegmental: Student Fees" (Sacramento, California, February 2004), pp. 4–6.*

9 *University of Michigan at Ann Arbor, "University of Michigan," www.umich.edu (last visited June 4, 2004).*

10 *A private college education is qualitatively different than a UC education since classes are generally smaller and professors are often more interested in teaching than doing research. Also, the price of a private college education is affected by endowments and financial aid programs.*

11 *Stanford University, "Registrar's Office," http://www.stanford.edu/dept/registrar/registration/tuition.html (last visited June 11, 2004); Saint Mary's College of California, "Undergraduate Programs & Admissions What Does It Cost?" http://www.stmarys-ca.edu/prospective/undergraduate_admissions/costs.html (last visited June 11, 2004); Claremont McKenna College, "Financial Aid," http://www.claremontmckenna.edu/admission/finanaid/costs.asp (last visited June 10, 2004); University of Southern California, "Costs," http://afaweb.esd.usc.edu/dcpage2.cfm?PageBaseID=50072 (last visited June 10, 2004); Sarah Lawrence College, "Tuition and Statement of Costs," http://www.slc.edu/student_accounts/index.php?content=tuition#undergrad (last visited June 11, 2004.); and the University of Vermont, "University of Vermont Comparison of Student Charges at Selected Public and Private Institutions, 2003–04," http://www.uvm.edu/~isis/sbinfo/fy04p19.pdf (last visited June 4, 2004). For example, 2003–2004 undergraduate full-time tuition and fees are: $28,563 per academic year at Stanford, $25,150 at St. Mary's College of California, $36,880 at Claremont McKenna College, $30,512 at University of Southern California, $33,373 at Sarah Lawrence College, $27,522 at Boston College, $28,906 at Boston University, $28,754 at Cornell University, $29,145 at Dartmouth College, $25,896 at Northeastern University, $28,185 at Saint Lawrence University, $22,420 at Saint Michael's College, $29,635 at Skidmore College, and $29,630 at Tufts University.*

12 *National Bureau of Economic Research, "Resident and Nonresident Tuition and Enrollment at Flagship State Universities" Working Paper 9516 by Michael J. Rizzo and Ronald G. Ehrenberg (Cambridge, Massachusetts, February 2003), p. i (abstract).*

13 *Dennis Viehland, "Nonresident Enrollment Demand in Public Higher Education" (Ph.D. diss., University of Arizona, 1989).*

14 *California Office of the Governor, "Higher Education Compact: Agreement Between Governor Schwarzenegger, the University of California, and the California State University, 2005–06 through 2010–11" (Sacramento, California, May 11, 2004).*

15 *E-mail from Chris Hill, Department of Finance, to California Performance Review (March 5, 2004); and e-mail from Elias Regaldo, Fiscal Services Program assistant, Chancellor's Office of the California Community Colleges to California Performance Review (May 19, 2004). In the 2004–2005 budget, the Governor has proposed increasing UC and CSU*

non-resident fees by 20 percent and reducing institutional financial aid set-asides for new fee revenues from 33 percent to 20 percent, and the Department of Finance used 14,822 full-time-equivalent non-residents at UC and 12,000 full-time-equivalent non-residents at CSU in the Governor's proposed budget for 2004–05, Chris Hill e-mail. California Community Colleges calculated an estimate on January 24, 2004 of 41,349 full-time equivalent (FTE) non-resident students for the 2002–03 academic year, Elias Regaldo e-mail.

[16] *Washington Higher Education Coordinating Board (HECB), "Washington State Tuition and Fee Report 2003–04" (Olympia, Washington, January 2004); and National Association of Independent Colleges and Universities (NAICU), "Increase in Private College Tuition Rates Remains Steady for 2003–04," Washington, D.C., May 19, 2003 (press release). The HECB report calculated a 9 percent one-year average increase in flagship university fees between 2002–03 and 2003-04, 9.5 percent increase at state universities, and a 6.6 percent increase at community colleges. The NAICU calculated a 5.8 percent average increase in private college tuition for 2003–04.*

ETV 19

Establishing Community College Enrollment Priorities

Summary
California's community colleges are "open access" institutions that admit students without regard to test scores or grade point averages. While admission is open, most community college districts give priority to current students who are already in the system or have earned a bachelor's degree over new students. Enrollment priorities should be established to give new students priority over those students with excessive credits and degrees.

Background
The community college "open access" policy opens up the opportunity for a quality higher education to students who might not be able to gain admission to the California State University (CSU) or University of California (UC) systems. Unfortunately, not every student wanting to take community college classes is able to because of limited space. This is especially true given the current budgetary environment. For example, budget cuts in Fiscal Year 2002–2003 caused 90,000 new and returning students to lose access to community college classes because there was insufficient capacity to enroll them.[1]

Existing enrollment priorities often give priority to students who have already taken more than enough classes to graduate or who already have a degree. Low fees and open access result in the state subsidizing students who have no clear goal or continue to take classes without working towards their goal.[2]

Community college students typically need 56–60 units to transfer to the CSU system or obtain an associate degree.[3] In the 2002–2003 school year, more than 70,000 students enrolled in California community colleges had completed at least 90 units. This is more than 150 percent of the units required for a university transfer or a degree. Many of these students also already had an associate degree.[4] Federal financial aid policies address this problem by withholding financial aid from students who have exceeded 150 percent of the published length of their program.[5]

In addition, there are more than 250,000 students enrolled in the CCC system who already have a bachelor's degree.[6] Some of these students are pursuing additional education, such as a nursing degree, which will meet a critical workforce need. Others enroll to fulfill personal goals or defer having to repay student loans.

Enrollment priorities are currently set by local community college districts. The priorities typically give preference to continuing students over new students or students who are returning after a leave of absence.[7] Other districts give priority based on units earned, giving the greatest preference to students with the most seniority.[8] These policies give preference to those perpetually in school while denying access to new students in need of a community college education. Changing these enrollment priorities will provide access to the equivalent of 88,000 new full-time students.

Recommendation

The Governor should work with the Legislature to enact state law that establishes the following statewide California Community College enrollment priorities:

1. **Students who will graduate or transfer at the end of the semester or quarter;**
2. **Current students who have accrued less than 90 units (including courses in progress at the time of enrollment);**
3. **New students and returning students who have accrued less than 90 units; and**
4. **Current students who have accrued more than 90 units (including courses in progress at the time of enrollment) or hold a bachelor's degree.**

Local Boards of Trustees should set policy, as necessary, to locally manage priority within the above parameters. New policies should allow exceptions for programs, such as nursing, in which students follow a prescribed continuum of courses after admission to the program.

Fiscal Impact

There is no positive or negative fiscal impact because community colleges would continue to serve the same number of students at the same cost.

Endnotes

1 *California Community Colleges, Chancellor's Office, "Access Lost: An Examination of Supply Constriction and Rationing in the California Community College System" (Sacramento, California, September 2003), pp. 15 and 19.*

2 *Little Hoover Commission, "Open Doors and Open Minds: Improving Access and Quality in California's Community Colleges" (Sacramento, California, March 2000), p. 42.*

3 *Feather River College, "General Catalog 2003–2005," pp. 50, 56–86, http://www.frcc.cc.ca.us/home/geninfo/admissions/catalog_2003.pdf (last visited June 10, 2004); American River College, "A.A./A.S. Graduation Requirements 2004–2005," http://www.arc.losrios.edu/~counsel/aaasgenedreq2001.html (last visited June 10, 2004); Modesto Junior College, "Catalog 2003–2004," p. 52, http://mjc.yosemite.cc.ca.us/catalog/2003-2004MJC_Catalog.pdf (last visited June 10, 2004); City College of San Francisco, "Catalog 2003–2004," http://www.ccsf.edu/AR/admissions.html (last visited June 10, 2004); Barstow College, "Degree and Transfer Programs," pp. 1, 4, http://www.barstow.edu/Academics/Counseling/DegreeRequirements.pdf (last visited June 10,*

2004); and Los Angeles City College, "Graduation Requirements," http://catalog.lacitycollege.edu/pages/graduation%20requirements.htm (last visited June 10, 2004).

4 *California Community Colleges, Chancellor's Office, "SR0554.xls," Sacramento, California, March 11, 2004, (ad hoc query against the Chancellor's Office Data Mart provided by Patrick Perry).*

5 *U.S. Dept. of Education, "Information for Financial Aid Professionals (IFAP) Library, 2003–2004 FSA Handbook," Volume 1, p. I–8, http://www.ifap.ed.gov/sfahandbooks/attachments/0304Vol1Ch1.pdf (last visited June 10, 2004).*

6 *California Community Colleges, Chancellor's Office, "SR0550.xls," Sacramento, California, April 18, 2004 (ad hoc query against the Chancellor's Office Data Mart provided by Patrick Perry).*

7 *Los Rios Community College District, Registration Dates, http://www.losrios.edu/lrc/lrc_reg_dates.html (last visited June 10, 2004); Modesto Junior College, Spring 2004 Calendar, http://mjc.yosemite.cc.ca.us/schedule/MJCSchedSp2004.pdf (last visited June 10, 2004); City College of San Francisco, Summer Session 2004 Registration Key Dates, http://www.ccsf.edu/Services/Matriculation_Office/regdates.htm (last visited June 10, 2004); and Los Angeles City College, Dates-To-Know, http://www.lacitycollege.edu/Schedule/dates03.htm (last visited June 10, 2004).*

8 *Barstow College, "Important Dates," http://www.bcconline.com/schedule/admision.htm (last visited June 10, 2004).*

ETV 20

Streamline Approval of Private Postsecondary Education Institutions

Summary

Most private colleges and universities must be approved by the state in order to operate in California, even if they have been accredited by a nationally recognized accrediting agency. California's private postsecondary education institution approval process can be more efficient, timelier and less costly by relying on nationally recognized accrediting agencies and other state licensing agencies.

Background

California provides oversight of private colleges and universities through the Private Postsecondary and Vocational Education Reform Act of 1989, administered by the Bureau of Private Postsecondary and Vocational Education in the Department of Consumer Affairs (DCA).[1] The act ensures private postsecondary education institutions meet minimum standards of instructional quality, institutional stability and institutional compliance with consumer protection provisions for students enrolled in private degree or non-degree granting institutions.[2] These consumer protection provisions address student rights, tuition refunds and accurate disclosures about completion and job placement rates. The bureau approves and provides oversight of approximately 3,000 colleges, universities and other institutions that annually serve more than 400,000 students.[3]

Several categories of private institutions are exempt from the bureau's oversight, including:

- Institutions accredited by the Western Association of Schools and Colleges (WASC);
- Religious institutions that issue degrees specific to their religious beliefs; and
- Institutions that comply with narrowly defined criteria and are approved by an accrediting agency recognized by the U.S. Department of Education. Education Code Section 94750 defines the specific criteria associated with an institution obtaining an exemption under these provisions.[4]

Except for the aforementioned categories, the state must "approve" a private postsecondary education institution for it to legally operate in California. The federal Department of Education recognizes 35 accrediting agencies as reliable authorities on the quality of education and training.[5] However, California's private postsecondary institution approval process only recognizes WASC and five other regional accreditation agencies, and does not consider whether an institution is already accredited by any of the other 29 nationally recognized accrediting agencies. The current system also does not take into account whether relevant information about an institution has previously been gathered by another state licensing entity.

History and function of the bureau

The Bureau of Private Postsecondary and Vocational Education was established in 1998 to approve and regulate private postsecondary and vocational educational institutions in California. The bureau is subject to a sunset review process every four years.[6] The bureau has jurisdiction over institutions and programs, including:

- 1,500 private vocational training schools;
- 300 private degree-granting institutions;
- 300 private institutions registered with the Bureau to provide short-term career/seminar training, continuing education, intensive English language programs and licensing exam preparation courses; and
- Approval of various programs offered at 950 public and private postsecondary institutions for veterans utilizing their veteran-related educational benefits.[7]

In preparation for a Joint Legislative Sunset Review Committee's (JLSRC) sunset review, DCA conducted an internal review in 2002. The review identified deficiencies and problems with the program's current regulation and administration. Two audits performed by DCA and the Bureau of State Audits also found deficiencies in management practices and data processing, as well as backlogs in approving institutions, complaint handling and fiscal procedures.[8] The JLSRC *2003 Sunset Review Report* on the bureau concluded:

- The current statutes under which the bureau operates appear to be inordinately complex and difficult to administer—with some provisions being vague, confusing or contradictory with other provisions of the law;
- The time period for a school to obtain final approval from the bureau is often extremely long;
- Current state law imposes different requirements on institutions depending on whether they offer a degree or not and it exempts some institutions and programs from regulation entirely. There is no clear rationale for the various exemptions in current law or for the differing reporting requirements; and
- The bureau's process for handling complaints has been criticized for being unresponsive and extremely slow.[9]

The JLSRC and DCA sunset review processes revealed significant delays in obtaining the bureau's approval for degree-granting schools, new campuses, educational course offerings and instructor qualification approvals. The bureau indicated that a backlog in its degree-granting approval program continued despite two years of additional efforts during which the backlog had been reduced but not eliminated.[10]

Recently enacted and pending legislation

Legislation enacted in 1993 exempts degree-granting institutions accredited by regional accrediting bodies from programmatic and institutional review and approval by the bureau, but does not exempt all nationally accredited institutions from the state's approval process. Institutions are still subject to all the other regulatory oversight provisions of the reform act, including fiscal requirements, information reporting, compliance with student protections and enforcement actions for violations.[11]

Other legislation pending in the current legislative session that would impact private postsecondary institution approval requirements includes:

- Assembly Bill 711 by Assembly Member Correa would exempt current bureau-approved private degree-granting institutions from preliminary review of new degree programs if the institution is accredited by specified nationally recognized accrediting agencies;
- Assembly Bill 1807 by Assembly Member Liu would allow the bureau to utilize the resources of accrediting associations in gathering and reviewing information, and making decisions for approval on private postsecondary and vocational institutions operating in California. The bill would also extend the repeal date of the reform act until January 1, 2007, and establish a process to review the strengths and weaknesses of the existing state's current private postsecondary approval law and recommend appropriate changes in statute;
- Assembly Bill 2457 by Assembly Member Goldberg would extend the repeal date of the reform act for three years, until January 1, 2008; and
- Senate Bill 1544 by Senator Figueroa would delete the provision that requires the reform act be repealed on January 1, 2005, extending operation of the act until an unspecified date.

Supporters and opponents of streamlining the state approval process

Most California private postsecondary education institutions recognize the need for appropriate state oversight to ensure a strong and vibrant private postsecondary education sector that complements and completes the state's postsecondary education enterprise. They also support streamlining the existing regulatory process through relieving the bureau from having to review accredited institutions and programs, while maintaining the bureau's regulatory authority over the consumer protection related provisions contained in the current reform act.[12]

California's bureau-approved postsecondary institutions argue that because their instructional and programmatic course offerings are already subject to extensive oversight through their respective accrediting agencies and, given the state's limited resources, those resources should be redirected toward providing a more thorough review of institutions with no external oversight. Eliminating duplicative programmatic oversight would allow the bureau to increase enforcement activities and enhance student protection oversight responsibilities.[13]

Students at their accredited institutions would continue to have significantly more consumer protection than their counterparts at California private institutions accredited by the Western Association of Schools and Colleges (WASC) that are exempt from all provisions of the reform act, including the student consumer protection provisions. Some, including the California Postsecondary Education Commission, have indicated that students attending all private postsecondary education institutions should be afforded equal consumer protection and have suggested that WASC-accredited institutions should no longer be exempt from the student consumer protection provisions of the current reform act.[14]

At a time of limited resources, private postsecondary institutions that are both state-approved and accredited by other nationally recognized accreditation agencies are being subjected to more scrutiny than necessary to ensure the quality of higher education they provide. The state's regulatory efforts should be redirected toward institutions that are not accredited, and particularly toward those operating unlawfully without either accreditation or state-required approval.[15]

Opponents of the state increasing its reliance on nationally recognized accrediting agencies point out that it may lead to an increase in the number of "diploma mills" and/or other low quality educational institutions in California. One approach to address this concern is to establish a pilot program to evaluate the effectiveness of the program on a limited and short-term basis to determine the benefits and address any problems.

Practices in other states

A few states have all but eliminated their regulatory oversight for private postsecondary education institutions by requiring that such institutions operating within their state boundaries be accredited by independent agencies. Oregon and Louisiana are examples of two states that have adopted such a policy.[16]

Several other states have enacted or are considering various "substitute approval" schemes that would allow the state to retain regulatory authority over the institutions but place greater reliance on the accreditation process to assure the educational and institutional quality at private postsecondary institutions. Florida has dramatically restructured its licensure requirements recently and now places considerable reliance on this "substitute approval" approach.[17]

Recommendations

A. **The Governor should work with the Legislature to enact a two-year pilot program to streamline the state's private postsecondary institution approval process and assess its effectiveness and success in improving the approval process and ensuring the quality of private institutions.**

Under this pilot, all private postsecondary education institutions accredited by nationally recognized accrediting agencies would be exempt from the institutional, programmatic and instructor approval requirements of the state's current Reform Act. All other regulatory and oversight provisions of the Reform Act—notably its provisions concerning fees, information reporting, the Student Tuition Recovery Fund (STRF), compliant procedures, other student protections, and enforcement actions—would remain intact.

The legislation should also seek to amend current law to enable the bureau, or its successor, to use discretion in determining whether an on-site review of an institution is required should the bureau conclude that sufficient information about an institution has been obtained through the licensing and enforcement activities of another state agency.

B. The State and Consumer Services Agency, or its successor, should develop a process and appropriate mechanisms for collecting information concerning private postsecondary institutions acquired by all state agencies as they fulfill their ongoing statutory responsibilities.

This information should be reviewed and considered by the Bureau for Private Postsecondary and Vocational Education, or its successor, to determine whether there is a need for an on-site review of a private postsecondary institution.

Fiscal Impact

This proposal would likely result in minor savings—likely less than $50,000 annually—to the Private Postsecondary Education Administration Fund. These savings could be redirected to enhance the bureau's private postsecondary enforcement activities and its student protection oversight responsibilities. The proposal will result in savings to accredited private colleges and universities that would no longer be required to pay fees for the state review of each new educational program. No direct impact would accrue to the state's General Fund as the state's private postsecondary institution approval process is funded entirely from fees paid by the state-approved institutions.

Endnotes

1 *California Education Code Section 94700, et seq.*

2 *Bureau for Private Postsecondary and Vocational Education, "Home Page," http://www.bppve.ca.gov (last visited May 3, 2004).*

3 *Bureau for Private Postsecondary and Vocational Education, "Home Page," http://www.bppve.ca.gov (last visited May 3, 2004).*

4 *California Education Code Sections 94739 and 94750.*

[5] *California Postsecondary Education Commission, "State Licensure versus Accreditation of Proprietary Schools and Colleges" (Sacramento, California, March 2004), p. 3.*

[6] *Joint Legislative Sunset Review Committee, "Background Paper for 2002 Hearing on the Bureau for Private Postsecondary and Vocational Education (BPPVE)" (Sacramento, California), p. 1.*

[7] *Joint Legislative Sunset Review Committee, "Background Paper for 2002 Hearing on the Bureau for Private Postsecondary and Vocational Education (BPPVE)," p. 4.*

[8] *California Department of Consumer Affairs Internal Audit Office, "Operational Audit of the Bureau for Private Postsecondary and Vocational Education" (Sacramento, California, November 2002), pp. 2–8; and California State Auditor Bureau of State Audits, "Department of Consumer Affairs: Lengthy Delays and Poor Monitoring Weaken Consumer Protection" (Sacramento, California, November 2000), pp. 17–22.*

[9] *Joint Legislative Sunset Review Committee, "2003 Sunset Review Report on the Bureau for Private Postsecondary and Vocational Education (BPPVE)" (Sacramento, California), pp. 52–60.*

[10] *Joint Legislative Sunset Review Committee, "2003 Sunset Review Report on the Bureau for Private Postsecondary and Vocational Education (BPPVE)," pp. 58–59.*

[11] *Senate Bill 967 Chapter 340, Statutes of 2003 http://info.sen.ca.gov/pub/bill/sen/sb_0951–1000 sb_967_bill_20030908_chaptered.pdf (last visited on May 4, 2004).*

[12] *California Association of Private Postsecondary Schools, "The Effectiveness of California's Oversight of Private Postsecondary and Vocational Education: A Report to the Legislature and the Governor in Response to Education Code Section 94345" (Sacramento, California, October 1995), pp. 16–18.*

[13] *Assembly Committee on Business and Professions, "Analysis of Senate Bill 967 as Amended June 23, 2003" (Sacramento, California, June 2003).*

[14] *California Postsecondary Education Commission, "The Effectiveness of California's Oversight of Private Postsecondary and Vocational Education: A Report to the Legislature and the Governor in Response to Education Code Section 94345" (Sacramento, California, October 1995), pp. 16–18.*

[15] *Assembly Committee on Business and Professions, "Analysis of Senate Bill 967 as Amended June 23, 2003," Sacramento, California, June 2003.*

[16] *E-mail from Joanne Severson, educational administrator, Bureau for Private Postsecondary and Vocational Education, to California Performance Review (May 27, 2004).*

[17] *E-mail from Joanne Severson.*

ETV 21

Improve Higher Education Accountability to Meet the State's Needs

Summary

Most states have systems for monitoring the performance of their higher education institutions. In California, each higher education segment has negotiated an agreement regarding performance, but the agreements lack consequences and lack system-wide cohesion. A clear set of statewide policy goals has not been defined. The development of a statewide accountability system would ensure that institutions receiving state funding provide services that meet the needs of the state.

Background

Accountability in public entities is part of the paradigm shift of "Reinventing Government," that began in the early 1990s.[1] This shift affected K–12 educational systems well before it affected higher education. K–12 accountability is different from higher education accountability, however. The K–12 standards movement is based on the measurement of student mastery of specific content, whereas there is no specific subject matter to master in higher education. Different institutions of higher education have different missions, which must be taken into account as well.[2] Also, the role of government is different in higher education than in K–12, so the systems of accountability are different.[3]

Higher education was initially exempt from this accountability movement because colleges and universities have a history of little government oversight. This lack of oversight is based on academic freedom, delegation of responsibility to governing boards, and the notion that academic leaders will act in accordance with the interests of the state.[4] In many states, including California, funding for higher education has been provided through lump-sum payments. These payments facilitated institutional growth during the 1970s and 1980s, but fund institutions with little regard for priorities or performance.[5]

In more recent years, the accountability movement has begun to impact public colleges and universities. State-level policy-makers, driven by a desire to increase economic prosperity, have increasingly linked budgets to performance.[6] In these times of declining available resources and escalating demand for K–12 accountability, public support increasingly requires that institutions demonstrate their value.[7]

Despite these national trends, California lacks an over-arching accountability structure for higher education. A state-level structure would help policy-makers design, maintain, and fund an educational system which meets state goals. It would also guide each part of the educational system toward maintaining educational entities which perform consistent with state goals, with each part contributing to the functioning of the whole. This structure could allow individual colleges and governing boards to monitor their own performance internally within a framework of meeting the needs of the state.[8]

The Senate requested that its Office of Research begin developing a plan for such a state-level accountability system. In the request, they noted that "California invests nearly $12 billion in higher education but has no mechanism to gauge the return on the investment."[9] The commissioned report includes examples of accountability systems in other states. Nearly all states have created accountability systems, so the report's authors advise that California should take into account their lessons learned in developing its accountability system. According to the report, the most promising approaches to accountability are that they are largely owned by the institutions of higher education; focused on institutional improvement; do not tie performance results to funding; limit government's role to monitoring; and they incorporate consequences for lack of improvement.[10]

The report cites California's 1960 *Master Plan for Higher Education* as an impediment to the development of a state-level accountability system.[11] The Master Plan was enacted through legislation and created the current higher education segments: the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC).[12] The commonly praised Master Plan discourages statewide evaluation through this differentiation.[13] The 2002 Master Plan for Education acknowledges the need to shift to an integrated postsecondary accountability system, but it has not been enacted.[14]

Higher education accountability in California is accomplished through separate agreements between each segment and the Governor. Each agreement has encountered criticism for lacking consequences and failing to provide ways to measure accountability.

CCC negotiated the "Performance for Excellence" (PFE) program.[15] This program links funding to performance goals and is due to sunset at the end of 2004. In their analysis of the Governor's 2004–2005 Budget, the Legislative Analyst's Office described how PFE's expectations are vague and consequences for failing to meet requirements are unclear.[16] The Education Code establishes PFE "for the purpose of achieving annual performance goals and improving student learning and success."[17] Despite these intentions, "[v]irtually no one in the capital community views PFE as an accountability device . . . even the governor now sees PFE as just another source of funding."[18]

UC negotiated a Partnership Agreement with the Governor in May 2000 that encompassed Fiscal Years 1999–2003. UC was seeking funding stability in exchange for performance accountability. Like PFE, the Partnership Agreement has been criticized for having unclear expectations and failing to specify consequences for failing to meet goals. The Bureau of State Audits complained that it was not possible to evaluate the University's performance because the objectives do not contain enough measurable targets. Due to the lack of measurable targets, "the Legislature and the Governor may not be able to evaluate whether the university's decisions reflect the intent of the agreement. The addition of such targets to the partnership agreement would increase the university's accountability for its use of state funds . . ."[19]

The report commissioned by the Senate Office of Research claims that "the presentation of the Partnership information in such non-specific and information-heavy ways renders it practically useless as an accountability tool for state policy-makers. The Partnership serves the interests of UC far better than those of the Legislature (which, admittedly, it was not designed to serve)."[20] CSU also negotiated a Partnership with the Governor at the same time as UC. The CSU Partnership shares the same shortcomings as UC's Partnership, "the accountability realized through the Partnership is more symbolic than actual."[21] CSU has an additional internal process, reviewed by the Board of Trustees, which monitors performance data for each campus.[22] CSU and UC recently negotiated a "Higher Education Compact" with Governor Schwarzenegger, which addresses some, but not all, of these areas. Most importantly, the new compact does not mention state-level accountability.[23]

The difficulties cited above are not unique to California. The Nelson A. Rockefeller Institute of Government has been tracking states' accountability efforts for seven years. The title of its seventh annual report is telling—*Performance Reporting: "Real" Accountability or Accountability "Lite."* Their report also makes the important distinction between performance reporting and performance budgeting. In general, they report that performance reporting is much more popular than performance budgeting and funding. They conclude that policy-makers prefer performance reporting because they see it as less controversial and less costly than performance budgeting. They also conclude that the reporting is more symbolic than substantive and has little effect on performance.[24]

Many difficulties stem from the culture and tradition of autonomy in higher education and concerns about sensitivity to college students' unique needs. As Jane Wellman, a senior associate at the Institute for Higher Education Policy, remarked, ". . . many of the accountability systems in higher education seem designed to evade rather than inform."[25] Despite these difficulties, nearly all states are making efforts to improve accountability.

Senate Bill 1331 has been introduced that will establish a statewide California Postsecondary Accountability structure. In the context of increasing enrollment, state budget difficulties, and changing student demographics, policy-makers need access to meaningful data to measure progress toward state goals. The legislation is intentionally broad to allow for flexibility in setting statewide goals. Data are to be reported on an aggregate basis, not for individual colleges and universities, with a focus on outcomes. This system will allow institutions to determine the specific processes that would best meet state expectations. The following goals are listed in the legislation:

1. Educational Opportunity;
2. Participation;
3. Student Success; and
4. Public Benefits.[26]

Educational "opportunity" provides all Californians reasonable and equal opportunities to attend college. "Participation" refers to serving a large and diverse population. "Success" is defined as preparation for life and work. "Public benefits" acknowledge that higher education should benefit the state and its people. According to Rona Levine Sherriff, a consultant at the Senate Office of Research, all of the major stakeholders are supportive of this bill.[27] The language of the bill is consistent with this recommendation.

Recommendation

A. **The Governor should issue an Executive Order containing a clear set of statewide goals and expectations for the state's system of public colleges and universities.**

B. **The Secretary of Education, or his or her successor, and the California Postsecondary Education Commission, or its successor, should work with key stakeholders to develop an enforceable state-level accountability system that produces meaningful information to measure progress toward the state policy goals established by Executive Order.**

C. **The Secretary of Education, or his or her successor, should publish a report with the results of this state-level performance measurement. The report should be provided to the Legislature by November 15 of each year.**

D. **The Governor should support the concepts contained in Senate Bill 1331 to establish a statewide California postsecondary accountability structure.**

Fiscal Impact

Anticipated costs will be negligible, totaling about $21,000 which is the equivalent of 0.3 PY annually. These costs could be absorbed within existing resources.

Endnotes

[1] "Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector," by David Osborne and Ted Gaebler (Cambridge, Massachusetts: Perseus Publishing, 1992).

[2] California State University, Sacramento, Center for California Studies, "An Accountability Framework for California Higher Education: Informing Public Policy and Improving Outcomes," by Nancy Shulock and Colleen Moore (Sacramento, California, November 2002), pp. 4–5; and Jane Wellman, "Assessing State Accountability Systems," "Change: The Magazine of Higher Learning" (March 2001), pp. 48–49.

[3] Jane Wellman, "Assessing State Accountability Systems," "Change: The Magazine of Higher Learning," p. 52.

[4] William M. Zumeta, "Public Policy and Accountability in Higher Education: Lessons from the Past and Present for the New Millennium" in Heller (editor); and Johns Hopkins University, "The States and Public Higher Education Policy: Affordability, Access, and Accountability," Baltimore, Maryland, 2001, pp. 155–197.

[5] Kristin Conklin and Travis Reindl, "To Keep America Competitive, States and Colleges Must Work Together," "The Chronicle of Higher Education" (February 13, 2004), p. B20.

[6] Peter Schmidt, "States Increasingly Link Budgets to Performance," "The Chronicle of Higher Education" (July 24, 1998), p. A26.

[7] Jane Wellman, "Assessing State Accountability Systems," "Change: The Magazine of Higher Learning," pp. 47–48.

[8] Interview with Nancy Shulock and Colleen Moore, Institute for Higher Education Leadership and Policy, California State University, Sacramento, California (May 18, 2004).

[9] California State University, Sacramento, Center for California Studies, "An Accountability Framework for California Higher Education: Informing Public Policy and Improving Outcomes," p. 2.

[10] California State University, Sacramento, Center for California Studies, "An Accountability Framework for California Higher Education: Informing Public Policy and Improving Outcomes," pp. 62–63.

[11] California State University, Sacramento, Center for California Studies, "An Accountability Framework for California Higher Education: Informing Public Policy and Improving Outcomes," p. 25.

[12] State Department of Education, "A Master Plan for Higher Education in California, 1960–1975" (Sacramento, California, 1960), pp. 1–3.

[13] California State University, Sacramento, Center for California Studies, "An Accountability Framework for California Higher Education: Informing Public Policy and Improving Outcomes," p. 25.

[14] Joint Committee to Develop a Master Plan for Education, "The California Master Plan for Education" (2002), pp. 114–115.

[15] Edu. C. Section 84754.

[16] California Legislative Analyst's Office, "2004 Budget Analysis: California Community Colleges" (February 2004), p. 10.

[17] Edu. C. Section 84754(a).

[18] California State University, Sacramento, Center for California Studies, "An Accountability Framework for California Higher Education: Informing Public Policy and Improving Outcomes," p. 28.

[19] California State Auditor, Bureau of State Audits, "University of California: Its Partnership Agreement Could Be Improved to Increase Its Accountability for State Funding" (Report No. 2001-130, Sacramento, California, July 2002), p. 3.

[20] *California State University, Sacramento, Center for California Studies, "An Accountability Framework for California Higher Education: Informing Public Policy and Improving Outcomes," p. 31.*

[21] *California State University, Sacramento, Center for California Studies, "An Accountability Framework for California Higher Education: Informing Public Policy and Improving Outcomes," p. 35.*

[22] *California State University, Sacramento, Center for California Studies," An Accountability Framework for California Higher Education: Informing Public Policy and Improving Outcomes," pp. 34–35.*

[23] *Governor's Office, "Higher Education Compact: Agreement Between Governor Schwarzenegger, the University of California, and the California State University, 2005–06 through 2010–11," released May 11, 2004.*

[24] *The Nelson A. Rockefeller Institute of Government, "Performance Reporting: 'Real' Accountability or Accountability 'Lite,' Seventh Annual Survey, 2003" by Joseph C. Burke and Henrik Minassians (Albany, New York, 2003); pp. 1–2.*

[25] *Jane Wellman, "Assessing State Accountability Systems," "Change: The Magazine of Higher Learning" (March 2001), p. 52.*

[26] *State Senate Bill 1331, 2003–2004 session, introduced by Senators Alpert and Scott on 2/18/04 and amended on 4/21/04; and interview with Rona Levine Sherriff, consultant, Senate Office of Research, Sacramento, California (April 7, 2004); and interview with Nancy Shulock and Colleen Moore, Institute for Higher Education Leadership and Policy at California State University.*

[27] *Interview with Rona Levine Sherriff, consultant, Senate Office of Research, Sacramento, California (April 7, 2004).*

ETV 22

Reduce the Cost of the State's Student Loan Guarantee Function

Summary

The California Student Aid Commission can significantly reduce the costs of carrying out the state's student loan guarantee functions by contracting for operational and administrative services and retaining policy and oversight authority. The savings that will result from this approach can be used to support other student financial aid programs and activities.

Background

The California Student Aid Commission (CSAC) is responsible for the administration of state-authorized student financial aid programs. This includes acting as the state's officially designated guarantee agency under the Federal Family Education Loan (FFEL) Program. As the state's student loan guarantor, CSAC is responsible for ensuring that federally insured loans are issued to eligible students attending eligible higher education institutions and borrowing through an approved FFEL Program lender and for maintenance of account information through the National Student Loan Data System.

CSAC is also responsible for securing the repayment of delinquent and defaulted student loans, and for the payment of claims submitted by lenders when borrowers default on their loan obligations.[1]

The public benefit auxiliary corporation

In 1997, CSAC established a non-profit, public benefit auxiliary corporation known as EdFund for the purpose of providing the operational and administrative services for its FFEL student loan guarantee functions.[2] CSAC is responsible for overseeing the activities of EdFund but EdFund has its own Board of Directors to guide the direction and development of the auxiliary corporation.

In Fiscal Year 2002–2003, EdFund processed more than $5.5 billion in federal student loan guarantees under the FFEL Program. It also administers an outstanding student loan portfolio valued at more than $21 billion.[3] As of April 16, 2004, approximately 70 state civil service employees worked at EdFund. The rest of EdFund's 600 employees are not civil service employees.

The relationship between CSAC and EdFund has often been strained. For example, in 1999 EdFund obtained a temporary restraining order against CSAC to prevent CSAC from altering the membership of its Board. In 1999, CSAC passed a resolution to dismiss all members of the EdFund Board if they did not drop their legal proceedings against CSAC. The existence of these two separate boards has led to unneeded tension, duplication of effort, a lack of clear oversight, and ambiguous accountability for the FFEL Program functions.

Contracting as an option

Contracting for the delivery of student loan guarantee administrative services is not unusual. Several states, and the nation's largest student loan guarantor, USA Funds, contract out their student loan administrative functions. Contracting can also result in a significant reduction in costs. EdFund spent approximately $89 million to provide the student loan guarantee administrative services required under the FFEL Program from October 1, 2002 to September 30, 2003.[4] Informal inquiries of other providers of student loan guarantee administrative services suggest that these services could likely be provided at a significantly lower cost. For example, one such provider suggested that it could provide California's student loan guarantee administrative services for millions less than EdFund's cost.[5] These savings could subsequently be used by the state to support other student financial aid programs and activities.

Recommendations

A. **The Secretary of Education, or his or her successor, should ensure that the California Student Aid Commission, or its successor, issues a Request for Proposals to solicit competitive bids for the delivery of student loan guarantee administrative services required under the Federal Family Education Loan Program.**

B. **The Governor should work with the Legislature to amend Education Code Sections 69522–69529.5 to allow the state's public benefit auxiliary corporation to compete as a provider of student loan guarantee services.**

   Existing civil service state employees now assigned to work for EdFund should return to CSAC and should be reintegrated into the workforce. All state assets held by EdFund should also be returned to the state.

Fiscal Impact

A. By soliciting competitive bids for the administrative services required under the FFEL Program, the state should be able to reduce the administrative expense associated with carrying out the student loan guarantee functions. These savings can subsequently be used to support other state student financial aid programs and activities.

B. The overall fiscal impact of outsourcing California's student loan guarantee administrative services is unknown, but will likely generate significant cost savings. These savings could then be used by the state to support other student financial aid programs and activities such as supporting the state's Cal Grant Program or its successor. As indicated above, the savings that could be generated through a realignment of these functions may approach several million dollars or more annually.

Endnotes

1 *Letter from Diana Fuentes-Michel, executive director of the California Student Aid Commission, to Don Currier of the California Performance Review, Sacramento, California, May 4, 2004.*

2 *California Education Code Section 69522.*

3 *Letter from Diana Fuentes-Michel.*

4 *EdFund, "EdFund Financial Statements from September 30, 2003 and 2002" (Rancho Cordova, California), p. 4.*

5 *E-mail from Great Lakes Higher Education Services Corporation to California Performance Review, Sacramento, California (May 6, 2004).*

ETV 23

Expand Options for Obtaining a Bachelor's Degree

Summary

State law prohibits California's community colleges from offering bachelor's degrees. To increase access to higher education, particularly in rural communities and for high demand disciplines, the state should implement a pilot program allowing approved community colleges to award bachelor's degrees.

Background

Consistent with California's *1960 Master Plan for Higher Education*, the state's education code specifies that the primary mission of community colleges is to "offer academic and vocational instruction at the lower-division level for both younger and older students, including those persons returning to school. Public community colleges shall offer instruction through, but not beyond, the second year of college. These institutions may grant the associate in arts and the associate in science degree."[1]

Residents in rural regions of California have relatively low university participation rates compared with residents of urban and suburban parts of the state. A December 2002 report issued by the California Postsecondary Education Commission (CPEC) examined the postsecondary education opportunities available to "Superior California" residents. As defined in that report, "Superior California" included the six rural counties of Lassen, Modoc, Shasta, Siskiyou, Tehama and Trinity counties. The report noted that while the community college-going rate of high school graduates from the region was comparable to the statewide average, the proportion of high school graduates enrolling in the state's public universities was only half the state average. The report went on to explain:

> The reason for this is clearly the distance from public four-year institutions. It has long been a principle within higher education—and with regard to countless other public services—that "proximity is destiny." From the commission's college-going rates surveys over the years, the principle of higher attendance rates in the vicinity of college and university campuses has been affirmed repeatedly. This also explains why attendance at community colleges is similar to statewide averages; there are three community colleges near the major population centers.[2]

University-going rates for high school graduates in other rural California counties mirror the trend observed in the Superior California counties and is detailed in CPEC's most recent *Student Profiles* report, which contains data on college and university-going rates for all counties.[3]

On February 10, 2004, Assembly Member Bill Maze introduced Assembly Bill 1932 to establish a pilot program authorizing two community colleges—Porterville College and the College of the Sequoias—to award bachelor's degrees in specified fields. The bill would establish an advisory committee to develop and recommend a framework for the implementation of the pilot program.[4]

Trends in other states and Canada

Nationally, several community colleges and some states have begun experimenting with community college bachelor degrees. Five states—Florida, Idaho, Nevada, Texas and Utah—already permit selected community colleges to offer bachelor's degree programs. For example, the Great Basin College in Elko, Nevada, offers bachelor's degrees in elementary education, integrative and professional studies, electrical instrumentation and management technology.[5] In Canada, community colleges offer bachelor's degree programs and grant bachelor's degrees in the provinces of British Columbia, Alberta and Ontario.[6]

The American Association of Community Colleges (AACC) has recognized "this new type of baccalaureate as an emerging development in higher education." Proponents argue that the "community college baccalaureate is a major step forward into a true 21st century learning environment, offering degrees in specialized vocational fields when senior colleges and universities do not have such programs or do not choose to allocate resources to such degrees."[7] In the 1990s, the Community College Baccalaureate Association was organized with its stated mission "to promote the development and acceptance of the community college baccalaureate degree as a means of addressing the national problems of student access, demand, and cost."[8]

A recent analysis of states with community college bachelor degree programs found the primary reasons for offering these programs are to address workforce needs, respond to economic pressures from employers, increase access to populations underserved by traditional bachelor degree-granting institutions, and maintain college affordability.[9]

In 2001, the Florida legislature expressed the following statement of intent as it granted St. Petersburg College, a public community college, authority to issue bachelor's degrees:

> The Legislature intends to create an innovative means to increase access to baccalaureate degree level education in populous counties that are underserved by public baccalaureate degree granting institutions. This education is intended to address the state's workforce needs, especially the need for teachers, nurses, and business managers in agencies and firms that require expertise in technology.[10]

In 2003, as it expanded the number of public community colleges authorized to grant bachelor's degrees, the Florida legislature stated:

> The Legislature recognizes that public and private postsecondary educational institutions play essential roles in improving the quality of life and economic well-being of the state and its residents. The Legislature also recognizes that economic development needs and the educational needs of place-bound, nontraditional students have increased the demand for local access to baccalaureate degree programs. In some, but not all, geographic regions, baccalaureate degree programs are being delivered successfully at the local community college through agreements between the community college and four-year postsecondary institutions within or outside of the state. It is therefore the intent of the Legislature to further expand access to baccalaureate degree programs through the use of community colleges.[11]

Some alternative models are available to address the bachelor degree needs of rural areas of the state. The city of Stockton receives bachelor degree-level instruction through the California State University, Stanislaus at an off-campus site. California State University, Fullerton maintains a branch campus in El Toro. Partnerships between community colleges and California State University campuses have been established to deliver upper-division instruction at or near community college sites. These models could also be implemented in other rural regions, if resources were available.[12]

Establishing new and creative bachelor degree programs at community colleges is a strategy to increase college participation rates for local residents who are unable to relocate because of family or work commitments.[13] To address the needs of rural communities and the state's need for additional bachelor degree-trained individuals in high demand disciplines, community colleges should be permitted to award bachelor's degrees. This would initially be done as part of a pilot project to approve community college participation in the program based on the following factors:

- The need for the bachelor's degree program in the region served by the community college as identified by the regional workforce development board, local businesses and industries, local chambers of commerce and potential students.
- How the proposed bachelor's degree program would complement other programs and courses offered by the community college.
- How the proposed bachelor's degree program would address specific regional or state workforce needs.
- Documented demand for additional bachelor's graduates in the program proposed.
- Additional costs of delivering the proposed bachelor's degree program.

- Admission criteria that would be used by the college in selecting students to be admitted to the bachelor's degree program along with the number of students to be admitted to and served by the program.
- Whether the proposed bachelor's degree program would unnecessarily duplicate the degree programs offered by other postsecondary education institutions in the region—both public and private.
- Whether the proposed bachelor's degree program and its curriculum is comparable in terms of quality and rigor to similar programs offered by other bachelor-degree granting institutions.
- Ability of the community college to support the bachelor's degree program including the adequacy of the college's facilities, faculty, administration, libraries, and other student support and academic resources.
- Plans for securing accreditation for the proposed bachelor's degree program.
- Plans for evaluating the success and effectiveness of the bachelor's degree program.

Recommendation

The Governor should work with the Legislature to create a pilot program allowing approved community colleges to offer bachelor's degrees. Under the pilot program, individual community colleges interested in offering a bachelor's degree would submit a proposal for approval by the Secretary of Education, or his or her successor.

Fiscal Impact

The purpose of this proposal is to provide community colleges with the flexibility and authority necessary for them to address the bachelor degree needs of their local communities. The state is not mandating that individual community colleges or community college districts participate in this pilot project. Their participation would be completely voluntary. The state should not provide additional resources to community colleges to offer bachelor degree programs. Community colleges that elect to participate in this pilot program would be required to support these programs from existing revenue sources. As such, community colleges approved to offer bachelor's degrees under the pilot would have no direct fiscal impact on the state's General Fund.

The state might incur minor costs associated with the approval and evaluation functions outlined above.

Endnotes

1 *Education C. Section 66010.4.*

2 *California Postsecondary Education Commission, "Recommendations to Increase the Postsecondary Education Opportunities for Residents of Superior California," Commission Report 02-13 (Sacramento, California, December 2002), p. 9.*

[3] *California Postsecondary Education Commission, "Student Profiles, 2003," Commission Report 03-9 (Sacramento, California, November 2003).*

[4] *Assembly Bill 1932 (Maze) Sacramento, California, 2003–2004 Regular Session.*

[5] *Assembly Higher Education Committee, "Analysis of Assembly Bill 1932 as Amended March 18, 2004, http://info.sen.ca.gov/pub/bill/asm/ab_1901-1950/ab_1932_cfa_20040326_125312_asm_comm.html (last visited May 20, 2004).*

[6] *Levin, John S. "Institutional Identity: The Community College as a Baccalaureate Degree Granting Institution," draft, (November 21, 2002), p. 4.*

[7] *Assembly Higher Education Committee, "Analysis of Assembly Bill 1932 as Amended March 18, 2004."*

[8] *Community College Baccalaureate Association. "Beacon Newsletter." Volume 4, Number 2, (Fall 2003), p. 1.*

[9] *Levin, John S. "Institutional Identity: The Community College as a Baccalaureate Degree Granting Institution," pp. 13–18.*

[10] *Florida Legislature. The 2001 Florida Statutes. Title XVI, Chapter 240, Section 240.5278.*

[11] *Florida Legislature. The 2003 Florida Statutes. Title XLVIII, Chapter 1007, Section 1007.33.*

[12] *Assembly Higher Education Committee, "Analysis of Assembly Bill 1932 as Amended March 18, 2004."*

[13] *Assembly Higher Education Committee, "Analysis of Assembly Bill 1932 as Amended March 18, 2004."*

ETV 24

Use a Portion of the Student Loan Operating Fund Surplus to Fund Cal Grant Awards

Summary
Over the last three years, the Student Loan Operating Fund has generated a significant surplus. Using only a portion of this surplus to fund Cal Grant awards will save the state $134 million in Fiscal Year 2004–2005.

Background
The California Student Aid Commission (CSAC) is the state agency responsible for administering student financial aid programs for students attending institutions of higher education.[1] CSAC provides financial aid to students through a variety of grant and loan programs, including the Cal Grant Program and Federal Family Education Loan (FFEL) programs. The Cal Grant Program awarded $600 million in grants to needy California students in FY 2003–2004.[2]

The state's Student Loan Operating Fund provides administrative and operational support for the FFEL program and it receives revenues from a variety of non-General Fund sources. The Student Loan Operating Fund accumulated surpluses in 2001, 2002 and 2003.[3] As of September 30, 2003, the total surplus was $266 million.[4]

CSAC can use money from the Student Loan Operating Fund for activities that benefit students. Accordingly, using a portion of the Student Loan surplus to fund Cal Grant awards is consistent with the federal laws that govern how this money can be spent.[5] It should be noted that CSAC believes that redirecting revenues from the Student Loan Operating Fund would deprive it of the flexibility to take advantage of new market opportunities.[6] However, the huge surplus suggests that CSAC has not been actively taking advantage of these opportunities during the last three years.

Recommendation
The Governor should instruct the Department of Finance, or its successor, to transfer $134 million from the Student Loan Operating Fund to the Cal Grant Program. The Department of Finance, or its successor, should annually examine the Student Operating Loan balance and determine if a portion of that balance can be used to help fund the Cal Grant Program.

Fiscal Impact

Implementing this recommendation will result in a one-time savings of $134 million to the General Fund. These savings will be realized by reducing General Fund allocations to the Cal Grant Program by the same amount that is transferred from the Student Loan Operating Fund Surplus. Legislation has been introduced with the May Revision to implement this recommendation in the FY 2004–2005 Budget.

General Fund
(dollars in thousands)

Fiscal Year	Savings	Costs	Net Savings (Costs)	Change in PYs
2004–05	$134,000	$0	$134,000	0
2005–06	$0	$0	$0	0
2006–07	$0	$0	$0	0
2007–08	$0	$0	$0	0
2008–09	$0	$0	$0	0

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

Endnotes

1 *California Legislature, Assembly, Chapter 1846, Statutes of 1955.*

2 *Department of Finance, "Governor's Budget 2004–05" (Sacramento, California, January 2004), p. E10; and EdFund, "Financial Statements September 30, 2003 and 2002" (Rancho Cordova, California, November 26, 2003), p. 2.*

3 *California Student Aid Commission, "The Operating Fund and Federal Fund of the California Student Aid Commission: Financial Statements as of June 30, 2003" (Rancho Cordova, California, September 26, 2003).*

4 *California Student Aid Commission, "California Student Aid Commission Operating & Federal Funds/EDFUND Combined Statement of Net Assets September 30, 2003," Rancho Cordova, California.*

5 *34 Code of Federal Regulations Part 682.423(c) (2002).*

6 *Letter from Diana Fuentes-Michel, executive director, California Student Aid Commission, to Don Currier, California Performance Review, May 4, 2004.*

ETV 25

Balance Career Technical Education and College Preparation in High Schools

Summary

Career technical education (CTE) course offerings and enrollment have declined over the past decade as California's high schools have focused increasingly on college preparation.[1] This trend should be reversed. California high schools should offer rigorous, challenging career technical coursework integrated with academic education to prepare high school students for both higher education and the workplace. This can be done by providing alternative paths to high school graduation—one that prepares students for university admission, another for either employment or college-level study in a skilled occupation.

Background

The CTE, formerly known as vocational education, is a pathway to employment in skilled jobs that comprise up to 33 percent of California's labor market.[2] The CTE is offered in occupational fields including information technology, business, health services and construction. High school CTE students go on to higher education at least as often as other students, are less likely to drop out of high school, and have better employment potential than comparison groups.[3]

High school graduation requirements

California high schools have traditionally offered students a choice of ways to meet graduation requirements. One pattern meets the general high school graduation requirements in the Education Code and a second pattern meets the admission requirements of the University of California (UC) and California State University (CSU).[4] The UC/CSU pattern is commonly called the "a–g" requirements since it specifies seven subject areas, each indicated by a letter. The table below summarizes both sets of graduation requirements.

High School Graduation Requirements		
Subject	**Statutory[5]**	**UC Admission**
History/Social Science	3 years[6]	(a) 2 years required
English	3 years	(b) 4 years required
Mathematics	2 years	(c) 3 years required, 4 recommended
Laboratory Science	2 years	(d) 2 years required, 3 recommended
Foreign Language Arts	1 year	(e) 2 years required, 3 recommended
Visual/Performing	1 year[7]	(f) 1 year required
College Preparatory Electives	—	(g) 1 year required
Physical education	1 year	—
Other	.5 year[8]	—

It is important to note that only courses approved by UC/CSU can fulfill the "a–g" admission requirements. For example, a life science course may meet general high school graduation requirements but not the UC/CSU laboratory science requirement.

Over the past several years, California's education policy has increasingly encouraged students to complete the "a–g" requirements for high school graduation. While the intent has been to improve students' education level and prepare them for higher education, this policy has serious flaws. It does not respond to the California economy and labor market, it risks increasing an already substantial dropout problem, and it ignores the fact that career technical education leads to college at least as often as the statutory high school curriculum. Career technical courses can be challenging, demanding and rigorous, an effective pathway to both college and employment.[9]

Career technical education in high school

The CTE, evolved from the manufacturing and industrial economy of the past century. The initial federal legislation establishing vocational education in 1917 envisioned it as a separate educational track.[10] But the information revolution of the latter 20th century profoundly changed vocational education for a combination of reasons including:

- Technological innovations that altered the scope, content and complexity of the body of knowledge used in skilled occupations.
- Work processes that now rely on teams for problem solving and production.
- The introduction of continuous improvement and performance management principles and techniques.
- The increased need to communicate and coordinate among geographically dispersed settings, given the new global economy.

In short, high technology entered the classroom along with the realization that a broad skill set was needed in the workplace. These skills include strong oral and written communications, applied mathematics, critical thinking and problem-solving skills.[11]

What is career technical education?

Organized educational programs offering sequences of courses directly related to preparing students for employment in current or emerging occupations requiring other than a baccalaureate or advanced degree. Programs include competency-based applied learning which contributes to an individual's academic knowledge, higher-order reasoning, problem-solving skills, work attitudes, general employability skills, technical skills, and the occupational-specific skills necessary for economic independence as a productive and contributing member of society.[12]

In Fiscal Year 2002–2003, 742,100 students were enrolled in at least one CTE course when statewide high school enrollment was 1.8 million.[13] As with all K–14 courses, career technical education is funded by Proposition 98 appropriations. Additionally, there are state and federal funds earmarked for CTE totaling $581 million annually, of which 85 percent are state and 15 percent are federal funds.[14]

Despite the size and significance of career technical education, support has been lukewarm over the past decade as the emphasis of policy makers in the Department of Education has favored the "a–g" college preparatory curriculum over the workplace preparation offered by CTE.[15] Since FY 1987–1988 the number of CTE courses has declined by 22 percent, the number of CTE teachers has declined by 21 percent, and the number of students enrolled has declined by 26 percent.[16]

California's economy and labor market requires skilled workers

Over the past three decades, California's economy has been changing and its labor market has reflected these changes. Not only has employment grown dramatically in the field of information technology (IT), but technological innovations and IT applications have had profound effects on industries as diverse as health care, entertainment, manufacturing and agriculture. The term "new economy" has been used to refer to these changes in the nation's industry and employment base.

What is the "new economy"?

An economy in which information technology plays a significant role and that enables producers of both the tangible (computers, shoes, etc.) and intangible (services, ideas, etc.) to compete efficiently in global markets.[17]

An economy that is producing or intensely using innovative or new technologies. This relatively new concept applies particularly to industries where people depend more and more on computers, telecommunications and the Internet to produce, sell and distribute goods and services.[18]

A skilled workforce is a critical feature of the new economy. Not only must workers have strong literacy, communication, technology, and math skills, but they must upgrade their skills throughout their careers to keep pace with change. Workers' skills are so important that employers consider the educational level of the workforce a major factor in choosing business locations.[19]

The new economy is associated with increased productivity, flexible labor markets, globalization, innovation, knowledge workers, and a greater share of jobs in the service sector. It has been transforming how all Americans work and live. California is a leader in the new economy and is ranked by the Progressive Policy Institute's "New Economy Index" as one of the top three states along with Washington and Massachusetts.[20]

California's labor market reflects the impact of the new economy: 55 percent of jobs require education beyond high school or at least several months' specialized training. The table below, which uses education and training levels by the federal Bureau of Labor Statistics, shows that 22 percent of California's jobs require a bachelor's degree or higher, and that 33 percent require education below the bachelor's degree level or training of at least several months' duration. Examples of jobs in this 33 percent group include computer support specialists, nurses, dental and medical assistants, administrative assistants, bookkeepers, electricians, carpenters, and automotive service technicians.[21]

California employment 2002 by education and training level[22]

Training and Education Classification	Percent
Professional, masters, or doctoral degree	2.5
Bachelor's degree	19.0
Associate of arts or postsecondary vocational education	7.6
Long term training (more than 1 yr)	7.5
Moderate term training (up to 1 yr.)	18.3
Short term training (1 month or less)	38.8
Work experience	6.3
Total	100.0

California's economy needs skilled workers, but many jobs do not require a bachelor's degree. Expecting all high school students to complete a college preparatory curriculum ignores the range of skills and education required by the labor market today.

Projected demand for skilled workers in the foreseeable future

The Labor Market Information Division (LMID) of the Employment Development Department projects that professional, paraprofessional, and technical occupations will experience the greatest growth in the next several years.[23] The Division projects high growth for occupations requiring a bachelor's degree or higher, as well as for those requiring education and training below the bachelor's level.[24]

High Growth Occupations in California—2000–2010 Employment projected to grow by 22 percent or more
Occupations requiring a bachelor's degree or higher include: • IT professionals such as computer software engineers, network administrators, systems analysts, information systems managers • General and operations managers, sales managers • Other professionals including lawyers, school teachers, accountants, and financial managers
Occupations requiring less than a bachelor's degree: • Computer support specialists • Electricians, carpenters, automotive repair technicians, construction workers • Health-related occupations such as registered nurses, respiratory therapists, medical and dental technicians/assistants • Customer service representatives • Restaurant cooks

When the number of jobs is growing rapidly in any given field, employers may experience a shortage of qualified applicants. With this concern in mind, LMID has gathered data on the degree of difficulty reported by employers in finding qualified applicants for jobs in different occupations. Half of the ten occupations reported as hardest to fill are occupations requiring a bachelor's degree or higher; career technical education is sufficient preparation for the other half.[25]

There have been predictions of a national labor shortage due to the ongoing growth in demand for skilled workers in combination with the retirement of the baby boomers.[26]

> This is a critical time in our economic history. Demographers are projecting severe shortages in skilled workers in the next ten years. While the skills gap will be a crisis in 2010, the lack of basic skills, technical skills, and competencies is an issue for industry right now. To meet this challenge, we need to invest in worker education and training.
>
> —*National Center for Education and the Economy*[27]
>
> We're not training enough people to fill the jobs of the 21st century. There is a skills gap…We're going to have a shortage of skilled workers in the decades to come. And if you've got a shortage, guess what's going to happen to America—we're no longer going to be on the leading edge of change.
>
> —*President George W. Bush*[28]

California's education system functions best as a workforce preparation system when aligned with the state's economy and labor market. Although the college preparatory curriculum for admission to the UC and CSU is essential for students who will ultimately hold the 22 percent of all jobs that require a bachelor's degree, other students will benefit from CTE courses which prepare them for 33 percent of jobs that require specialized skills and knowledge, but not a bachelor's degree. The complex labor market of the 21st century does not necessitate a single high school curriculum for all.

California's mediocre graduation rate and its hidden costs

A useful way to view how California's education system works is to visualize a pipeline.

The California Educational Pipeline[29]	
For every **100** ninth-graders entering high school . . .	National Rank
. . . **70** graduate four years later	30
. . . **37** immediately enter college	31
. . . **19** graduate with either an associate degree within three years or a bachelor's degree within six years	25

The student pipeline begins with high school. High school graduation is a critical step towards joining the skilled labor force needed by the new economy. Unfortunately, many high school students do not make it to graduation. Statewide, a full 30 percent of those who enter California's high school in ninth grade do not graduate. Enrollment data provided by the Department of Education show that the number of students declines each year after ninth grade, and that only 70 percent of the former ninth-graders graduate four years later. This puts California in 30th place relative to the other 50 states for proportion of students who graduate from high school.[30]

Students who do not complete high school have far fewer employment opportunities, earn less, experience more unemployment, and are more likely to end up in the correctional system than those who complete high school.[31] Youth unemployment is a costly problem in California, where the youth unemployment rate is 18.8 percent, nearly three times the general unemployment rate.[32] As pointed out by the federal General Accounting Office, the social and economic costs of not graduating from high school include an underskilled labor force, lower productivity, lost taxes, increased public assistance and crime.[33] The consequences of failing to obtain a high school diploma are severe to both the individuals themselves and to society and the economy at large.

Why do students fail to complete high school? There is no single answer to this question, and no single solution, but career technical education is a key part of the following research:

- A survey of effective school programs to reduce dropouts found they commonly used a jobs and career focus, using courses that led directly to jobs and including internships and apprenticeships.[34]

- The Southern Regional Education Board reported that high-risk students are eight to ten times less likely to drop out in the 11th or 12th grade if they enroll in a career technical program rather than a general program.[35]

Career technical courses and work-oriented programs have been reduced as California's high schools have shifted their emphasis towards the academic course of study required for UC and CSU admission, the "a–g" requirements. California Department of Education data show a 26 percent decline in CTE enrollments since 1987–88.[36] An unintended consequence of this shift to a university preparation curriculum has been to reduce the career-oriented courses most attractive to students at risk of dropping out. Continued movement towards the "a–g" requirements is likely to increase the number of students who fail to graduate from high school.

California cannot continue to have a vigorous economy without improving its high school graduation rate. The majority of jobs in the California labor market require education and training beyond the high school level, and this proportion is expected to increase over the decades to come.[37] These skilled jobs are in a range of industries in the California economy, and are not only those jobs for which a bachelor's degree is needed.

Career technical education is a path to college

High school career technical education has a well-documented record of leading to higher education, although not necessarily at four-year institutions. Career technical education is most effective as a multi-year sequence starting with introductory level courses in high school and leading to advanced courses in college.[38] Studies of high school CTE students have found that they enroll in college at the *same or higher* rates than other students. Five examples include:

- More than 75 percent of the California high school students in agriculture CTE programs go on to higher education, as compared with 53 percent of all high school graduates.[39]
- A longitudinal study of the Lansing Area Manufacturing Partnership, a Michigan CTE program, found that the CTE students enrolled in college at rates significantly higher than a control group, did a better job in sustaining their enrollment, and reported being better prepared for the college environment.[40]
- A longitudinal study by UC Riverside of the Regional Occupational Centers and Programs (ROCP) found that participants improved their grades and attendance after entering ROCP, and enrolled in community college at the same rate as a control group of students.[41]
- The Southern Regional Education Board found that students in career technical programs pursued their studies after high school at the same rate as other students, and that CTE students in the "High Schools That Work" initiative pursued studies after high school at higher rates than all students.[42]

- The Public Policy Institute of California analyzed data from the 1997 National Longitudinal Survey of Youth and concluded that participation in high school School-to-Work programs led to increased college enrollment and increased employment.[43]

CTE can be rigorous and demanding, responsive to the demands of today's workplaces for high skill levels including problem-solving, teamwork, and communication as well as technical skills. Education Code Section 51228 reflects this concept in its direction to schools "to provide all pupils with a rigorous academic curriculum that integrates academic and career skills, incorporates applied learning into all disciplines, and prepares all pupils for high school graduation and career entry."

Nearly 2,000 of the 30,000 CTE courses have qualified for approval as meeting some of the "a–g" admission requirements of UC and CSU.[44] Although this looks like a promising start, a closer review shows that 97 percent of these approved courses are in only three of the seven required areas: Visual/Performing Arts, Elective, and Laboratory Science.[45] CTE courses meet so few of the "a–g" university admission requirements that they remain largely outside the university preparation model used by the University of California.

In summary, national data shows that CTE graduates are at least as likely, if not more likely, to go on to college than comparison groups. Their college careers differ from the university model, however. They are more likely to enter community colleges than universities, and more likely to graduate with occupational certificates than bachelor's degrees.

Conclusion

There is widespread agreement that California high schools must produce graduates with greater skills by offering challenging and academically rigorous programs. One way is to offer the university preparatory program required by the UC and CSU. But relying solely on this approach ignores the evidence that student achievement also improves when high schools provide rigorous career technical education. The benefits of high school career technical education include improved high school attendance and grades, higher graduation rates, the same or higher rate of enrollment in higher education, and improved employment options upon graduation.

The "a–g" university preparation curriculum is not needed for all students, especially since only 22 percent of jobs require a bachelor's degree or higher, whereas 33 percent require higher education and training less than a bachelor's degree. High schools must consider the needs of all students: those who go to college for a bachelor's degree, those who go on to other higher education and training, and those who enter the workforce after high school. California must improve its high school graduation rate and its workforce preparation by giving students multiple avenues to success including university preparation *and* career technical education. High school programs need to engage students, be relevant to their futures, and be academically rigorous. Career technical education can and must be an integral part of this effort.[46]

California high schools could offer students a choice of rigorous courses of study leading to graduation, including preparation for university admission and preparation for either work or advanced study in a skilled occupation. Examples of the latter pathway can be found in Florida and North Carolina, as well as "High Schools That Work," an initiative by the Southern Regional Education Board.[47] The following table shows a composite career technical pathway drawn from these three examples compared with the "a–g" requirements for UC admission. Both pathways have a core of academic courses. The career technical pathway also includes up to six CTE courses, whereas the university admission pathway includes foreign language, visual/performing arts and college preparatory electives.

Two Pathways to High School Graduation

Subject	**Academic/Career Technical**[48]	**University Preparation**[49]
Career Technical Sequence[50]	3–4 years	—
History/Social Science	3 years	(a) 2 years required
English	4 years	(b) 4 years required
Mathematics	3 years	(c) 3 years required, 4 recommended
Laboratory Science	3 years	(d) 2 years required, 3 recommended
Foreign Language	—[51]	(e) 2 years required, 3 recommended
Visual/Performing Arts	—	(f) 1 year required
College Preparatory Electives		(g) 1 year required
Physical education		
Other		—
Career Technical Electives	2 years[52]	

Recommendations

A. The Governor should work with the Legislature and the State Board of Education to adopt high school graduation requirements that allow a choice of courses of study including university preparation and academic/career technical education.

1) The State Board of Education should adopt high school graduation requirements giving students a choice of at least two pathways, both of which are academically rigorous and can lead to higher education:[53]
   - *Integrated academic and career technical skills to prepare for both higher education and career entry*. These requirements should be developed with input from employers as well as from public and private colleges and universities.
   - *Academic requirements suitable for university admission*: These may be the admission requirements of the University of California/California State University.

   Until such time as the Board publishes these new high school graduation requirements, the graduation requirements in the Education Code should remain in effect. The State Board of Education's high school graduation requirements will not take effect until the Board has adopted the new requirements as described above. At such time, Education Code Section 51225.3(a), which lists statutory high school graduation requirements would be repealed and replaced by language giving the State Board the responsibility to set high school graduation requirements.[54] The new statute should also direct the State Board of Education to review and approve the high school graduation requirements at least every five years to assure they continue to reflect the best practices of higher education and employers' needs for a skilled workforce.

B. In concert with the Superintendent of Public Instruction and the State Board of Education, the Secretary of Education, or his or her successor, should develop a "Strategic Plan for Academic/Career Technical Education."

The Governor should direct the Secretary of Education, or his or her successor, to develop a plan outlining the Governor's vision for rigorous career technical education (CTE) and define the roles and outcomes of each CTE program, including courses, Regional Occupational Centers and Programs (ROCP), Apprenticeships, and Tech Prep. The plan should also address strategic issues, such as assuring that CTE courses are aligned with labor market needs, addressing the declining supply of qualified CTE teachers, and assuring adequate funding including the use of federal and private funding sources.

The planning group should include representatives of the various career technical education programs including: high school career technical education, Regional Occupational Centers and Programs, Apprenticeships, Adult Education and California Community Colleges. The results of the plan should be incorporated into the Master Plan for Education.

C. The Governor should request the Superintendent of Public Instruction to review career technical courses for compliance with the standards and framework now being developed.

Current law (Education Code Section 51226, et seq.) requires the development of standards by June 1, 2005 and a curriculum framework for career technical education by June 1, 2006, and encourages a rigorous curriculum that integrates academic and career skills.[55] Upon completion of the CTE standards and framework, the Department of Education should conduct a statewide review to assure that career technical courses meet the standards for academic rigor. This review should be ongoing to assure new courses meet the standards, and that continuing courses maintain these standards.

D. The Governor should recommend that the Superintendent of Public Instruction revise the Academic Performance Index to include consideration of career technical education.

The Department of Education rates all high schools on the Academic Performance Index (API), authorized by Education Code Sections 52051–52052.5. The API is based on a variety of indicators, and is used to measure a school's performance level.[56] The API does not use achievement in career technical education in its measures of high school performance. The Superintendent of Public Instruction should propose a revision of the API to the State Board of Education to include CTE indicators, such as achievement on industry-based certification exams taken upon completion of career technical course sequences.

Fiscal Impact

The proposal to adopt high school graduation requirements allowing a choice of courses of study including CTE and developing a strategic plan for academic/career technical education would incur one-time costs of up to $200,000 over 18 months for subject matter expert consultants, travel for workgroup members, facilitators and support for these processes. Reviewing technical courses for compliance with the standards and framework for such courses would require about four personnel years (PYs) assuming that existing CTE courses are reviewed over the first three years, and three PYs thereafter for new courses reviewed on a flow basis. This review function would incur annual costs of about $390,000 and one time costs of about $20,000. An unknown portion of these costs would be borne by the General Fund.

Since CTE courses provide benefits to students, they should be attractive and generate demand. At the same time such classes are more expensive than academic classes, due to the costs of equipment, supplies and smaller class size. To the extent school districts implement such classes and to the extent implementing CTE programs in school districts reduces drop-outs and increases average daily attendance, an unknown but probably significant increase in the Proposition 98 minimum guarantee would occur. Finally, to the extent that such programs reduce unemployment, there would be unknown savings to the Unemployment Insurance program and unknown increases in income and other taxes.

General and Other Funds*

(dollars in thousands)

Fiscal Year	Savings	Costs	Net Savings (Costs)	Change in PYs
2004–05	$0	$100	($100)	0
2005–06	$0	$510	($510)	4.0
2006–07	$0	$390	($390)	4.0
2007–08	$0	$390	($390)	4.0
2008–09	$0	$292	($292)	3.0

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

* Fund splits are not available at this time.

Endnotes

[1] *Department of Education, "Career Technical Education Course Enrollment in California High Schools, 1987–88 to 2002–03" (Sacramento, California). CBEDS—excludes ROCPs.*

[2] *Labor Market Information Division, Employment Development Department, "California 2002 Employment by Education and Training Level," May 6, 2004.*

[3] *UAW-GM Center for Human Resources, "What Happens After They Graduate?"by Keith McAllum, PhD and Robert Bozick, May 2002; Southern Regional Education Board, "Facts About High School Career/Technical Studies," http://www.sreb.org/programs/hstw/career/Facts_About_HS_Career.pdf (last visited May 10, 2004); UC Riverside, School Improvement Research Group, "California Regional Occupation Centers Programs Accountability Research Study: 2002 Technical Report" (April 2002), http://www.carocp.org/pdf/longitudinalreport.pdf (last visited May 6, 2004); and Public Policy Institute of California, "The Effects of School-to-Career Programs on Postsecondary Enrollment and Employment," by David Neumark (San Francisco, California, 2004).*

[4] *Educ. C. Section 51225.3; University of California, "Doorways Home," http://www.ucop.edu/doorways/ (last visited May 15, 2004); and California State University, "Eligibility," http://www.csumentor.edu/Planning/freshman_req.asp#eligibility (both last visited May 15, 2004).*

[5] *Educ. C. Section 51225.3.*

[6] *Education Code includes economics in this requirement, whereas UC accepts it as an elective.*

[7] *Education Code requires one year in either foreign language or visual/performing arts, but not both.*

[8] *Educ. C. Section 51202-3. Health topics.*

[9] *UAW-GM Center for Human Resources, "What Happens After They Graduate?"by Keith McAllum, PhD and Robert Bozick, May 2002; Southern Regional Education Board, "Facts About High School Career/Technical Studies," http://www.sreb.org/programs/hstw/career/Facts_About_HS_Career.pdf (last visited May 10, 2004); UC Riverside, School Improvement Research Group, "California Regional Occupation Centers Programs Accountability Research Study: 2002 Technical Report" (April 2002), http://www.carocp.org/pdf/longitudinalreport.pdf (last visited May 6, 2004); and Public Policy Institute of California, "The Effects of School-to-Career Programs on Postsecondary Enrollment and Employment," by David Neumark (San Francisco, California, 2004).*

[10] *Public Policy Institute of California, "The Effects of School-to-Career Programs on Postsecondary Enrollment and Employment," p. 9.*

[11] *Much of the literature about workforce preparation mentions the need for broad skills in the 21st century workplace. Examples are: Anthony P. Carnevale and Richard Fry, "Crossing the Great Divide: Can We Achieve Equity When Generation Y Goes to College?" Educational Testing Service (2000); and The American Diploma Project, "Ready or Not: Creating a High School Diploma That Counts," Achieve, Inc. (2004); and Education Trust-West, "Are California High Schools Ready for the 21st Century?" (2004); and Steve Gunderson et al, "The Jobs Revolution: Changing How America Works," Copywriters, Inc. (2004).*

[12] *The Carl D. Perkins Vocational and Technical Education Act, Public Law 105-332, Title 3, 20 USC 2301.*

[13] *Department of Education, "Dataquest," http://data1.cde.ca.gov/dataquest/ (last visited May 6, 2004); and California Association of Regional Occupational Centers and Programs, "ROCP Facts at a Glance," http://www.carocp.org/pdf/factsheet.pdf (last visited May 17, 2004). The count of 742,100 high school students includes those enrolled in CTE courses and work experience education, but excludes the approximately 461,200 high school students and adults enrolled in Regional Occupational Centers and Programs (ROCPs).*

[14] *Department of Education, Secondary, Postsecondary, and Adult Leadership Division, "FY 2003–04 budgeted funds," (Sacramento, California).*

[15] *Several interviewees stated that preference for the college preparatory curriculum has been in effect for several years, including managers from the Department of Education, legislative staff, and business representatives.*

[16] *California Department of Education, "Career Technical Education Course Enrollment in California High Schools, 1987–88 to 2002–03" (Sacramento, California). CBEDS—excludes ROCPs.*

[17] *Jessup Glossary, myphliputil.pearsoncmg.com/student/bp_jessup_ist_1/JessupGlossary.html (last visited May 8, 2004).*

[18] *Government of Canada, "Economic Concepts, New Economy," http://www.canadianeconomy.gc.ca/english/economy/neweconomy.html (last visited May 8, 2004); and North Star Economics Inc., "Home," http://www.northstareconomics.com/ (last visited May 8, 2004). Another useful definition of "New Economy" is provided by Northstar Economics, Inc.: "An increasingly global economy in which businesses compete and communicate in a worldwide marketplace. High-technology and information-based goods and services are dominating today's economy. Businesses must take advantage of technological advances in order to survive and thrive in the New Economy. There is increasing value placed on knowledge and information. The ability to effectively organize and communicate that knowledge and information is of paramount importance to the success of a New Economy business."*

[19] *Progressive Policy Institute, "Building Skills for the New Economy: A Policymaker's Handbook," Policy Report, by Robert Atkinson (April 2001); and Progressive Policy Institute, "The 2002 State New Economy Index," by Robert Atkinson (2002). Atkinson discusses factors affecting business location in the New Economy.*

[20] *Progressive Policy Institute, "The 2002 State New Economy Index: Benchmarking Economic Transformation in the States," by Robert Atkinson and Rick Coduri (2002), http://www.ppionline.org/ (last visited April 22, 2004).*

[21] *Employment Development Department, Labor Market Information Division, "California Occupations with Greatest Growth 2000–2010" (Sacramento, California, October 2003); and Employment Development Department, Labor Market Information Division, "California Occupations with Fastest Growth, 2000–2010" (Sacramento, California, October 2003).*

[22] *Labor Market Information Division, Employment Development Department, "California 2002 Employment by Education and Training Level," May 6, 2004.*

[23] *Employment Development Department, "The State of the State's Labor Markets" (Sacramento, California, November 2003); and Employment Development Department, "The State of the State's Labor Markets" (Sacramento, California, November 2002), pp. 65–66.*

[24] *Employment Development Department, Labor Market Information Division "Occupations with the Greatest Job Growth, 2000–2010" and "Occupations with the Fastest Job Growth, 2000–2010," (Sacramento, California, October 2003). Labor Market Information Division makes 10-year occupational projections every two years. Occupations listed in this paper are found in two data tables cited. At the time of this writing, the projections for the period 2002–2012 had not been released.*

[25] *Employment Development Department, Labor Market Information Division, "Difficulty in Finding Qualified Inexperienced Job Applicants, 2001–2002" (Sacramento, California, April 21, 2004).*

[26] *Steve Gunderson, Roberts Jones, and Kathryn Scanland, "The Jobs Revolution: Changing How America Works" (Copyrighters, Inc. 2004); and the Manufacturing Institute, "The Economic and Demographic Roots of Education and Training," by Anthony P. Carnevale and Richard A. Fry (November 2001).*

[27] *National Center for Education and the Economy, "Towards a National Workforce Education and Training Policy," by Ray Uhalde et al., (June 30, 2003), http://colosus.ncee.org/pdf/wfd/Training_Policy.pdf (last visited April 29, 2004).*

[28] *Office of the Press Secretary, North Carolina, "President Discusses Economy and Job Training in North Carolina," April 5, 2004. (Press release.)*

[29] *National Center for Public Policy and Higher Education, "The Education Pipeline Big Investments, Big Returns," www.highereducation.org/reports/pipeline/ (last visited May 3, 2004); and The Education Trust-West, "Are California High Schools Ready for the 21st Century?" (June 2004), http://www2.edtrust.org/EdTrust/ETW/hs+report.htm (last visited June 7, 2004).*

[30] *"Graduation rates" from high school and higher education are widely used in the literature about educational outcomes and achievement. A slightly different statistic is the "high school drop-out rate" by the National Center for Education Statistics, which defines the student loss more strictly and precisely. Although the California Department of Education does not have student tracking data to allow an accurate count of dropouts by the NCES definition, it estimates a dropout rate of 12.8 percent. By either measure, the loss to California's education system is significant, and the potential cost to students and society is substantial.*

[31] *Learning Point Associates, "Understanding and Addressing the Issue of the High School Dropout Age," www.ncrel.org/policy/pubs/html/second/reference.htm (last visited April 20, 2004); NW Regional Educational Laboratory, School Improvement Research Series, "Reducing the Dropout Rate," by E. Gregory Woods (2001), www.nwrel.org/scpd/sirs/9/c017.html (last visited April 20, 2004); and U.S. Department of Justice, "Juvenile Justice Bulletin, Truancy: First Step to a Lifetime of Problems" (October 1996), http://www.ncjrs.org/pdffiles/truncy.pdf (last visited May 26, 2004).*

[32] *Employment Development Department, Labor Market Information Division, "Employment Status by Demographic Group—March 2004" (Sacramento, California, April 2004). Youth unemployment is defined as people ages 16–19 seeking full-time work.*

[33] *General Accounting Office, "School Dropouts: Survey of Local Programs," HRD-97-108 (Washington, D.C., July 1987), p. 8.*

[34] *NW Regional Educational Laboratory, School Improvement Research Series, "Reducing the Dropout Rate."*

[35] *Southern Regional Education Board, "Facts About High School Career/Technical Studies," http://www.sreb.org/programs/hstw/career/Facts_About_HS_Career.pdf (last visited May 10, 2004).*

[36] *Department of Education, "Career Technical Course Enrollment in California High Schools, 1987–88 to 2002–03" (Sacramento, California, May 10, 2004). Statewide totals.*

[37] *Steve Gunderson, "The Jobs Revolution," presentation to the Community College Board of Governors (Sacramento, California, March 3, 2004); and the Manufacturing Institute, "The Economic and Demographic Roots of Education and Training," Anthony Carnevale and Richard Fry, November 27, 2001.*

[38] *Interview with Ed King, director, Workforce Development, Stanislaus County Office of Education, Modesto, California (April 27, 2004); and interview with Patrick Ainsworth, Ed.D., assistant superintendent, Postsecondary, and Adult Leadership Division, California Department of Education (May 14, 2004).*

[39] *Letter from Jim Aschwanden, executive director, California Agriculture Teachers Association to California Performance Review, April 30, 2004.*

[40] *UAW-GM Center for Human Resources, "What Happens After They Graduate?"*

[41] *UC Riverside, School Improvement Research Group, "California Regional Occupation Centers Programs Accountability Research Study: 2002 Technical Report.*

[42] *Southern Regional Education Board, "Facts About High School Career/Technical Studies."*

[43] *Public Policy Institute of California, "The Effects of School-to-Career Programs on Postsecondary Enrollment and Employment," David Neumark (San Francisco, California, 2004).*

[44] *Department of Education, "Career Technical Education Statewide Course Enrollments, 1987–88 to 2002–03" (Sacramento, California); and Department of Education, "California High School Career-Technical Courses Meeting University of California A–G Admission Requirements for 2003–04" (Sacramento, California, September 1, 2003).*

[45] *Department of Education, "California High School Career-Technical Courses Meeting University of California A–G Admission Requirements for 2003–04." A total of 1,984 courses have been approved to meet the "a–g" requirements for 2003–04. Fully 97 percent of the approved courses are in only three requirement areas:*

- *Visual and Performing Arts (requirement "f"). 818 courses, mostly photography.*
- *Elective (requirement "g"). 693 courses.*
- *Laboratory Science (requirement "d"). 421 courses, mostly either agricultural science or anatomy/physiology.*

[46] *Support for career technical education was expressed by the Sacramento Bee columnist Dan Walters in two of his articles: "Kids with tool belts also deserve educators' respect" (May 10, 2004) discussed the importance of career technical education. "Vocational ed crisis stirs comment, gains academic support" (May 30, 2004) discusses the shortage of skilled workers and the employability of career technical education graduates.*

[47] *Southern Regional Education Board (SREB), "High Schools That Work," http://www.sreb.org/programs/hstw/background/02V07_2002_HSTW_Brochure.pdf (last visited May 20, 2004); Florida Department of Education, "Florida's Guide to Public High School Graduation," http://www.firn.edu/doe/commhome/newgrad/gradgide.pdf (last visited May 21, 2004); and North Carolina Department of Education, "NC Course of Study Graduation Requirements," http://www.ncpublicschools.org/student_promotion/gradreq.html (last visited May 21, 2004).*

[48] *The courses in this column are a composite program drawn from the High Schools That Work initiative by the Southern Regional Education Board, the College Tech Prep program offered by the North Carolina Department of Education, and the Career Prep program offered by the Florida Department of Education. Additionally, some of all of the core academic courses in English and math may be adapted to coordinate with the career technical course of study.*

[49] *"A–G" admissions requirements of the University of California.*

[50] *A planned sequence of CTE courses in a broad field of study with students meeting standards on an external assessment at the completion of the sequence.*

[51] *Florida includes 2 years of foreign language in their Career Prep program. A student can waive this course requirement if he or she demonstrates proficiency in another language.*

[52] *At least one-half year in a basic computer course covering word processing, database entry, presentation software, use of the Internet, and e-mail. This course should be taken early in high school so that the student will be able to use the technical skills in other classes.*

[53] *Educ. C. Sections 33030 and 33031. Section 33030 states, "The Board shall determine all questions of policy within its powers." Section 33031 states, "The Board shall adopt rules and regulations not inconsistent with the laws of this state. . . for the government of day and evening secondary schools."*

[54] *Educ. C. Sections 51225.3(b) and Section 51224. Sections 51225.3(b) and Section 51224 describe the authority of governing boards of school districts to prescribe courses of study that meet the high school graduation requirements. These local governing board responsibilities will continue.*

[55] *Educ. C. Sections 51226, 51226.1 and 51228. Section 51226 requires the Superintendent of Public Instruction to develop career technical education standards by June 1, 2005. Section 51226.1 requires the development of a curriculum framework for career technical education by June 1, 2006. Section 51228 encourages districts to provide "a rigorous*

academic curriculum that integrates academic and career skills, incorporates applied learning in all disciplines, and prepares all pupils for high school graduation or career entry."*

[56] *Department of Education, "Academic Performance Index," http://www.cde.ca.gov/ta/ac/ap/ (last visited June 7, 2004). The Department has established a score of 800 as the target for all high schools and states, "Schools that fall short of 800 will be required to meet annual growth targets until the statewide target of 800 is reached. Schools that already meet or exceed the statewide target of 800 should continue working to improve the academic performance of all of their students."*

ETV 26

Expand Training Partnerships with Private Industry

Summary

The Economic and Workforce Development (EWD) Program of the California Community Colleges is positioned to play a vital role in California's economic recovery. Its network of 150 centers is a model for the role California state government can play in fostering public-private partnerships for workforce development and economic growth.

Background

The California Community College system has traditionally played an important role in work force preparation for economic development by providing career technical education (formerly called vocational education) to California residents. In the last 20 years, community colleges have greatly expanded this role to include contract training, small business development, and economic planning with local businesses and industry. According to the Community College Research Center, these new activities have shifted community colleges' emphasis from one of solely educating students to one that also serves the needs of businesses and local economies.[1]

The EWD was initially established in 1991, and in 1996, economic development became one of the *primary* missions of the California Community Colleges.[2] The purpose of the EWD Program is to advance the state's economic growth and global competitiveness through education, training, and services in partnership with employers.

The EWD Program works with employers to identify, on a regional basis, workforce education and business training needs and to meet those needs in a cost-effective and timely manner. The EWD Program provides business training to incumbent workers, delivers consultative services directly to businesses and prepares students for careers. The Los Rios Community College District serves as an example of the variety of services provided by the EWD Program, as illustrated in the following box. Other community colleges throughout the state are providing equivalent and additional services.

Los Rios Community College District
Economic and Workforce Development Program Services

- Nurse training (partnering with Sutter Health Systems);
- Hospitality and Tourism courses (partnering with a chamber of commerce);
- Small business technology deployment;
- Counseling to prospective small business owners;
- Customized research on foreign market requirements and conditions;
- Participating in city and county economic five-year planning efforts; and
- Developing online training courses addressing statewide incumbent worker training requirements.

Numerous examples of EWD success stories have been documented.[3] The box below highlights one of those examples and clearly illustrates the value of this program.

Lockheed Martin Partnership with Cerritos College

The Cerritos Center for Applied Competitive Technologies (CACT) has trained more than 250 employees as composite fabricators at Lockheed Martin. Most of these employees would be facing layoffs if it were not for their newly acquired skills. Most have been assigned to work on the F-22 Jet Fighter Program.

Beginning in mid-2004, the Joint Striker Fighter (JSF), will create a significantly larger need for composite fabricators, which Cerritos CACT will train 100 per month—total, 1,200 in Palmdale plant. Lockheed Martin would have relocated the project to Georgia if EWD hadn't provided training.[4]

The EWD Program has measured the volumes of customers and outcomes, and has summarized its annual statewide averages. Some of the key indicators for the program include:

- 97,000 students enrolled in courses developed by the program;
- 90,000 incumbent workers trained;
- 52,000 businesses served;
- $40 million in revenue generated through contract education;

- 7,000 job placements;
- 2,700 jobs created;
- 4,800 jobs retained; and
- 700 courses developed in emerging technologies.[5]

The EWD Program is highly cost-effective. An evaluation outlined in the EWD Annual Report for Fiscal Year 2002–2003 found that it:

- *Stimulates job growth.* Total employment at companies receiving program services grew at an average annual rate of 6.1 percent faster than companies that did not receive services.
- *Has a Positive Benefit-to-Cost ratio of 12:1.* This ratio compares program costs with all economic benefits it creates, including the market value of new jobs, higher wages and increased profits. A benefit-to-cost ratio of two or greater is usually considered successful.
- *Generates a Positive Return-on-Investment of $2.64–$3.05.* The EWD Program generates additional state tax revenues by creating new jobs and raising wages of the program participants. For each dollar of program cost, the EWD Program generates at least $2.64 in new revenues to the state General Fund. This program more than pays for itself.[6]

Despite these positive evaluation findings, the EWD Program received severe cutbacks in state funding starting four years ago. It lacks the funding to develop additional services in response to rapidly changing technology and a dynamic economy. Failure to strengthen the economic development role of the community colleges is a missed opportunity to enhance California's economic competitiveness and support its economic recovery.[7]

State government economic development efforts like the EWD Program are important and timely since, despite a recent upturn in the California economy, the state's business climate remains on tenuous ground.[8] A recent study has indicated ominous trends and factors, such as the high number of companies with explicit policies to halt employment growth in the state.[9] "California has been a classic 'satisfactory under-performer' for years," said Jeff Melton, a partner in the firm that led the California Competitive Project analysis. "Despite having so many advantages such as the sixth highest level of U.S. worker productivity, the third largest concentration of U.S. science and technology workers, and 40 percent of all U.S. venture capital, California has been losing ground to other states."[10]

Potential for program expansion of the Economic and Workforce Development Program

Programs that have such a significant positive economic impact like EWD should always be considered for expansion where appropriate. Two EWD Program areas meriting expansion are the Centers for Applied Competitive Technologies (CACT) and the Centers for International Trade Development (CITD). The EWD Program has 12 CACTs serving the needs of manufacturing businesses and 14 CITDs to support international trade activity. These two types of centers cut across all industry sectors and are clearly linked to each other. For example, after a biotech company's new product emerges from the research and development stage, it enters production (a manufacturing process) and can be sold on the global market (i.e., export).

International trade development is strategically necessary because even though California leads the nation in the export of manufactured goods, many small and medium-sized companies are not staffed or positioned to take advantage of rapidly expanding opportunities in international trade.[11] Similarly, increasing the capacity of manufacturing centers can dramatically expand business outreach and partnering in this critical area of the state's economic recovery.[12] According to the Community Colleges Economic and Workforce Development Program, the CACTs and CITDs are well positioned to handle expansion as they have stable business partners, their services are in demand, and they have already proven cost-effective in a recent program evaluation.[13]

Expanding three of these centers—one each in Northern, Central, and Southern California—in both of these two initiative areas would have a positive impact on local businesses in these two industry areas and would strengthen the capacity of the network of centers.

Expanded program activities for CACTs and CITDs would primarily involve training small business owners and other incumbent workers to improve their skills and knowledge. These non-traditional students may be served at either the community college, at the workplace, or by other approaches such as web-based instruction. As the nation's largest system of higher education, the California Community Colleges are strategically positioned to provide high quality business training needed for continued economic development.

Recommendations

The recommendations below are based on the understanding that the California Community Colleges would maintain the EWD Program as presently constituted to provide stability and limit any new overhead costs for the expansion of direct student/incumbent or worker client services.

A. **The Governor should issue an Executive Order that reinforces the priority of the economic and workforce development role of the community colleges.**

   The Executive Order should:

   - Reinforce the priority of the economic and workforce development role of community colleges, as it enables community colleges to partner with private employers, build a skilled workforce and contribute to California's economic competitiveness;
   - Direct the Chancellor's Office to establish one or more development positions through loaned executives from business partners and/or interjurisdictional

exchanges with local community colleges. This position(s) will be charged to develop a program to encourage planned giving by businesses and other stakeholders to support the expansion of EWD services.[14]

- Direct community colleges to give system-wide priority to contract education, which is fee-based customized training provided to businesses. Contract training is reimbursement-funded. It helps businesses meet their workforce development needs by using the talents and knowledge of the community college faculty. The community colleges have a recent legal opinion that offering "not-for-credit" courses does not add to faculty load.

B. The Board of Governors or its successor should direct the Chancellor's Office to expand the initiatives for Competitive Technologies and International Trade by $600,000 each, for a total of $1.2 million.

The Community Colleges should apply for federal funding from President Bush's Jobs for the 21st Century Initiative, as soon as funding becomes available in fall 2004. This funding will allow each of three "hub" (centralized) centers to expand their Competitive Technologies programs by one $200,000 project and their International Trade programs by one $200,000 project.

Following established program guidelines, the community colleges should seek private industry partners to match the $1.2 million and should target the funds on cost-effective workforce development projects. Adding these projects in manufacturing and international trade will increase the number of program participants and matched program funds as follows:[15]

- Increase in the number of trained incumbent employees by 5,250;
- Increase the number of students served by 1,300;
- Increase the amount of matched funding and resources provided by business partners by $2.7 million; and
- Increase in outside investment from $8.5 million to $18.6 million.

Fiscal Impact

The first recommendation can be achieved without increased funding. The Governor, as one component of his strategy to achieve economic growth and stability for the state, can direct the community colleges to play a more important economic development role based on their legal, but not fully recognized, mandate and mission.

The annual $1.2 million funding for the second recommendation would be provided by federal funds from the Jobs for the 21st Century Initiative beginning in federal FY 2004–2005. This funding covers both the state share of program costs and community college support costs for the new initiatives. As with existing EWD funds, the community colleges will match the public dollars with funding and other resources from their private industry partners. The availability of these funds is contingent upon final budgetary approval of the President's initiative in the federal budget. President Bush has proposed that $250 million additional federal funds go to community colleges nationwide to create partnerships with job providers from high-growth industries.[16]

The benefit from expanding this program will have a positive impact on the General Fund, since program participants earn higher salaries and pay more state income taxes. Past EWD experience has demonstrated that the income tax increase was $2.64 for every public dollar spent. The additional funding would be targeted on cost-effective projects that would generate comparable return on investment, or an annual $3.17 million increase to base taxes, the impact of which triples by the third year of income tax returns. There is also a more sizable, but not quantified benefit to the state's economy.

General Fund
(dollars in thousands)

Fiscal Year	Savings	Costs	Net Savings (Costs)	Change in PYs
2004–05	$0	$0	$0	0
2005–06	$0	$0	$0	0
2006–07	$3,168	$0	$3,168	0
2007–08	$6,336	$0	$6,336	0
2008–09	$9,504	$0	$9,504	0

Note: The dollars and PYs for each year in the above chart reflect the total change for that year from 2003–04 expenditures, revenues and PYs.

Endnotes

1 *"The New Economic Development Role of the Community College." Community College Research Center (CCRC), Teachers College, Columbia University, Brief number 6, January 2000, pp. 1–4.*

2 *California Community Colleges, Chancellor's Office, "Economic and Workforce Development," http://www.cccco.edu/divisions/esed/econdev/econdev.htm (last visited June 21, 2004).*

3 *California Community Colleges, Economic Development Program, Annual Report 2002–2003 (Sacramento, California), pp. 27–39.*

4 *Interview with Kay Ferrier, dean, California Community Colleges, Economic and Workforce Development Program (May 2004).*

[5] *The Economic and Workforce Development Program, "Innovation, Income, and Opportunity: Ten Statewide Initiatives that are Getting the Job Done." (2003); Economic and Workforce Development, "Annual Report 2000–01" (Sacramento, California), Chapter 1: Program Highlights; Economic and Workforce Development, "Annual Report 2001–2002" (Sacramento, California), Chapter 1: Program Highlights; and Economic and Workforce Development, "Annual Report 2002–2003" (Sacramento, California), Chapter 1: Program Highlights.*

[6] *Economic and Workforce Development Program, "Annual Report 2002–03" (Sacramento, California), pp. 13–14 and 51.*

[7] *Interviews with Kay Ferrier, dean, Economic and Workforce Development Program, Sacramento, California (March 25 and April 1, 2004).*

[8] *Office of the Legislative Analyst, "Analysis of the 2004–05 Budget Bill, Analysis of Perspectives on the Economy and Demographics," http://www.lao.ca.gov/analysis_2004/2004_pandi/pi_part_2_anl04.htm#_Toc64376948 (last visited June 21, 2004).*

[9] *California Business Roundtable, "California Competitiveness Project" (February 2004), Executive Summary, p. 3.*

[10] *California Business Roundtable, "New Study Finds Nearly 40 Percent of California Companies Plan to Move Jobs Out of State," Sacramento, California, February 26, 2004.*

[11] *According to the Public Policy Institute of California, in 2002 the state exported $92.2 billion of manufacturing goods and leads the nation in total exports with more than 28 percent of the state's total manufacturing production exported compared to 20 percent for the rest of the nation. This high level of exports has a direct impact on employment and the types of jobs in California. Howard J. Schatz, "Business without Borders? The Globalization of the California Economy." Public Policy Institute of California, 2003.*

[12] *National Coalition for Advanced Manufacturing, "Expanding California's Prosperity: Policy Options to Strengthen California Manufacturing" (Discussion Draft) (November 2003).*

[13] *Community Colleges Economic and Workforce Development Program, "Annual Report 2003–2003," pages 1–12.*

[14] *"Planned giving" refers to substantial charitable contributions by businesses and individuals, made with consideration of their program impact and tax implications for both the giver and the receiver.*

[15] *Estimates provided by Kay Ferrier, dean, EWD Program in May 2004. These figures are based on three factors. Adding $1.2 million to an investment of $4.6 million is a 25 percent increase in funding which is applied to results such as the number of businesses, employees, and students served. However, about half of the $4.6 million is for infrastructure costs, a second factor. Since infrastructure costs are a one-time cost, the effective increase is about 50 percent and this figure was used to project effects. Even these figures are conservative. They do not include the creation of outside investment, a third factor. For example, the applied competitive technologies (manufacturing) had an additional $8.5 million created in outside investments. This compares to $2,146,500 in grants from the EWDP—about a 4:1 return on investment. Although comparable figures are not available for international trade, if this ratio is used to project the entire $4.65 million invested in manufacturing and international trade, an additional $10.1 million would be generated for a total of $18.6 million of outside investment. This is a substantial offset.*

[16] *The White House, "President Discusses Economy and Job Training in North Carolina," Washington D.C., April 5, 2004; and the White House, "Better Training for Better Jobs," Jobs for the 21st Century Initiative, http://www.whitehouse.gov/news/releases/2004/04/20040405-7.html (last visited June 21, 2004). To implement this initiative, the U.S. Department of Labor will conduct a competitive Solicitation for Grant Applications (SGA) from eligible applicants. To be eligible, an applicant must include one or more community colleges involved in a partnership with a business or industry and a workforce investment board. Information on grants will be available at http://www.doleta.gov (last visited June 21, 2004) pending approval of the 2005 federal budget.*

ETV 27

Modify the 75 Percent Full-Time Community College Faculty Requirement

Summary

The California Community College system is required to maintain a full-time to part-time faculty ratio of 75:25. This requirement is in current law, but interferes with the community colleges' mission to provide career technical courses since instructors for these courses are usually practitioners in the field, and are interested in teaching only part-time. To provide these classes, the community colleges should be allowed to hire more than 25 percent part-time instructors.

Background

Since at least the early 1970s, there has been considerable controversy surrounding the employment of part-time faculty at community colleges. There are advantages and disadvantages to this practice for the faculty, students, and colleges. Part-time employment is beneficial for an individual who has another job or family commitments; part-time faculty provide current expertise when they are employed in their field; part-time faculty typically cost less than full-time faculty; and the use of part-time faculty provides budget flexibility for colleges because they can be more responsive to students' requests for classes and to the needs of businesses for specific job training.[1]

Those who oppose the use of part-time faculty usually advocate limiting their numbers rather than eliminating them altogether. Part-time faculty typically work with little job security and no benefits, at relatively low wages; part-time faculty teaching core courses may undermine departmental curriculum development and continuity; part-time faculty may not be able to meet with students outside of class; and part-time faculty usually do not participate in curriculum review and development, personnel hiring, promotion and tenure review, leaving these critical departmental tasks to the remaining full-time faculty.[2] Some observers have claimed that the quality of instruction by part-time faculty members is inferior to that of full-time faculty members; however, this claim of higher quality on the part of full-time faculty is not supported by research.[3] Most studies find no observable difference between the quality of part-time and full-time instruction.[4]

Legislation in 1970 signaled the beginning of California's attempts to formulate a part-time faculty policy for the California Community College (CCC) system. The Board of Governors for the CCC system established the goal of utilizing 75 percent full-time faculty in 1978.[5] Other groups, however, have not supported the designation of a specific percentage of full-time faculty. For example, the 1986 Commission for the Review of the Master Plan for Higher Education concluded that specific statutory provisions are “overly restrictive, and that the matter of part-time faculty, like virtually all other faculty matters, is better left to the Board of Governors and the colleges.”[6] They recommended that the Community College Board of Governors should establish a statewide policy consistent with the objective of maintaining a core of experienced full-time faculty in each major department.[7]

There was continuing concern that the percentage of part-time faculty should not continue to increase. The 1987 Master Plan Review noted that some part-time faculty are overextended and teaching at multiple institutions. With too many part-time faculty, instructional quality could suffer if departments are unable to meet their obligations to provide adequate curriculum review and student advising.[8] The 1989 Master Plan Review reiterated this point by stating that “Quality is not served by the current practice of choosing to use part-time faculty for cost purposes rather than for educational purposes.”[9]

Several efforts to codify a state policy on the appropriate use of part-time faculty culminated in the passage of AB 1725, which was signed into law in 1988.[10] AB 1725 set the statutory goal that community colleges maintain a ratio of 75 percent full-time faculty to 25 percent part-time faculty. If a community college district fails to maintain this ratio, the Chancellor’s Office will withhold a portion of that district’s program improvement allocation.[11]

While this legislation does address many of the disadvantages of overusing part-time instructors, it does not allow for their use in situations where part-time instruction is beneficial. Community colleges must be flexible to meet projected growth and unanticipated demand, teach evening classes, staff specialized programs, and provide special skills or experience not otherwise available. Currency of technical knowledge is often critical to the ability to teach applicable career technical courses. Working practitioners can provide better instruction since they can bring the most current skills and knowledge to the classroom.[12] Full-time faculty requirements can rob a college of the agility they need to quickly establish relevant career technical courses.

The importance of community colleges’ role in job training and economic development has been expanding.[13] There is an increasing need for a skilled workforce to meet the needs of the evolving economy. Workers need strong literacy, communication, technology, and math skills. They also need to continuously upgrade their skills.[14] Community colleges can provide these services, thereby fueling the state’s economy, but they need the staffing flexibility to be responsive to a rapidly changing economy.

Recommendations

A. **The Governor should work with the Legislature to sponsor legislation to modify Education Code Section 87482.6 to exclude career/technical courses from the 75:25 requirement, with the provision that departments maintain a stable core of faculty to perform necessary tasks. The definition of career/technical courses should be provided by the Community College Chancellor's Office.**

B. **The Chancellor of the California Community Colleges should modify the *Procedures and Standing Orders of the Board of Governor*, Section 378 and *California Code of Regulations*, Title 5, Division 6, Chapter 2, Subchapter 1, Section 51025 accordingly.**

Fiscal Impact

The proposal to relax the current requirement that Community College faculty be 75 percent tenure track to allow for hiring of additional part-time faculty who are practitioners in the field for career technical courses would reduce salary and benefit costs to an unknown but potentially significant amount since part-time faculty typically do not receive benefits or full-time salaries. Any salary and benefit savings would remain with the community college districts and would be available for redirection to other purposes.

Endnotes

[1] *Community College League of California, "Full-Time/Part-Time: A Proposal for Perspective" (Sacramento, California, 1999), p. 9; and Education Commission of the States Policy Paper, "Enhancing Faculty Productivity: A State Perspective," by James Palmer (Denver, Colorado, September 1998), pp. 2–3.*

[2] *California Post-Secondary Education Commission, "Report on Part-Time Faculty Compensation at California Community Colleges: A Report to the Governor and Legislature in Response to Assembly Bill 420" (Commission Report 01-1, April 2001), p. 5. Part-time faculty earn about 50 percent less than their full-time counterparts (adjusted for workload differences) with about 40 percent of the part-time faculty members receiving no benefits. 58 percent of part-time instructors reported obtaining benefits from another source; California Post-Secondary Education Commission, "Report on Part-Time Faculty Compensation at California Community Colleges: A Report to the Governor and Legislature in Response to Assembly Bill 420," Commission Report 01-1 (Sacramento, California, April 2001), pp. 6-11– 6-12. Some faculty prefer a part-time schedule and feel rewarded in non-monetary ways for their work; Commission for the Review of the Master Plan for Higher Education, The Challenge of Change: A Reassessment of the California Community Colleges (Sacramento, California, 1986), "chapter 4; Community College League of California, Full-Time/Part-Time: A Proposal for Perspective" (Sacramento, CA, 1999), p. 9; Education Commission of the States, Enhancing Faculty Productivity: A State Perspective, by James Palmer (Denver, Colorado, September 1998), pp. 2–3; and American Federation of Teachers, "Marching Toward Equity: Curbing the Exploitation and Overuse of Part-time and Non-tenured Faculty" (Washington, D.C., 2001), p. 4.*

[3] *Education Commission of the States, "Enhancing Faculty Productivity: A State Perspective," p. 3.*

[4] *Community College League of California, "Full-Time/Part-Time: A Proposal for Perspective," p. 8.*

[5] *Community College League of California, "Full-Time/Part-Time: A Proposal for Perspective," p. 2.*

[6] *Commission for the Review of the Master Plan for Higher Education, "The Challenge of Change: A Reassessment of the California Community Colleges," chapter 4.*

[7] *Commission for the Review of the Master Plan for Higher Education, "The Challenge of Change: A Reassessment of the California Community Colleges," chapter 4.*

[8] *Commission for the Review of the Master Plan for Higher Education, "The Master Plan Renewed: Unity, Equity, Quality, and Efficiency in California Postsecondary Education" (Sacramento, California, 1987), pp. 32–33.*

[9] *Joint Committee for Review of the Master Plan for Higher Education, "California Faces . . . California's Future: Education for Citizenship in a Multicultural Democracy" (Sacramento, California, 1989), p. 109.*

[10] *Joint Committee for Review of the Master Plan for Higher Education, "Professional Personnel Development Working Group Final Report" (Sacramento, California, 2002), pp. 33–34.*

[11] *Educ. C. Section 87482.6; and "California Code of Regulations," Title 5, Division 6, Chapter 2, Subchapter 1, Section 51025; and "Procedures and Standing Orders of the Board of Governors" (Sacramento, California, July 2003 Edition), Section 378.*

[12] *Interview with Ron Selge, dean of career technical education, California Community College Chancellor's Office, Sacramento, California (April 16, 2004).*

[13] *Education Commission of the States Policy Paper, "Enhancing Faculty Productivity: A State Perspective," p. 2.*

[14] *Progressive Policy Institute, "Education, Skills, and the New Economy: Presentation to the National Association of Workforce Boards" (March 16, 2004 presentation by Robert D. Atkinson); and Progressive Policy Institute, "Building Skills for the New Economy: A Policymaker's Handbook," by Robert D. Atkinson (Washington, D.C., April 20, 2001).*

ETV 28

Remove Statutory Impediments to Volunteerism

Summary

California has a rich history of volunteerism. Today, thousands of Californians volunteer their time and expertise in a host of ways including mentoring children, preparing for disasters, protecting our environment, and providing meals for the elderly. In some instances however, volunteers cannot perform their service because provisions of California labor law require volunteers to be paid the prevailing wage for work on "public works" projects.[1] This rigidity is costly to non-profit organizations and inhibits state and local governments and non-profit organizations from fully utilizing volunteers. State law should be changed to remove impediments to volunteerism.

Background

In a time of declining budgets, California government needs to make better use of motivated individuals who want to serve others. Unfortunately, these civic-minded people are being turned away. Students, who would also benefit from the service learning opportunities that volunteerism provides are also prevented from serving. There are many examples of this problem, including:

- Last year, the Sacramento Watersheds Action Group used Shasta College students to rehab Sulphur Creek near Redding. In return, the students received course credit. After complaints from local labor groups, the California Department of Industrial Relations (DIR) ruled the students should have been paid between $12 and $50 an hour for their efforts. According to published news reports, fines were assessed against the consortium completing the project, diverting money away from the environmental needs of the community.[2]

- In 1999, the state gave the City of Apple Valley $2 million to build a science center. The city joined with a non-profit foundation to complete the project. Student volunteers from a high school landscaping class completed tasks, including seeding and fertilizing the grounds. The state again ruled the project was a "public work," it did not meet the statutory exemptions for volunteer work and student volunteers had to be paid the prevailing wage, channeling funds away from the mission of the science center.[3]

- In 1996, parents at an elementary school in Sacramento planned a school beautification and cleanup project. The classified employees union, citing prevailing wage law and their contract, asked the district to enjoin the parents from completing the project.

District counsel, in a desire to avoid the costs of protracted litigation, advised the superintendent to disallow the request to complete the work even though the work was not in the scope of the regular duties of any district employee. The beautification and cleanup project was never completed.[4]

- Earlier this year the city of Redding made plans to build a city park. Support for the planned park included contributions of money and labor from a local home improvement store and project management services from an out of state non-profit organization. Because of objections from local labor groups, the city has had to redesigned the project. Redding City Manager, Michael Warren, observed that this law "hurts the people of the community and is completely contrary to the public-private partnership that should exist."[5]

Best practices

There are several instances of the effective use of volunteers in the public sector. The California Department of Parks and Recreation administers the highly successful *Volunteers in Parks Program*. Volunteers play a key role in supporting park infrastructure at almost all 227 state parks. Volunteers staff visitor centers, maintain trails, patrol off-road sites, assist park visitors, and perform host duties at campgrounds. Some highly trained volunteers serve as park docents and interpret the local historical, cultural, natural and recreational resources for the park visitor.

Park volunteers have also formed more than 80 independent non-profit 501(c)(3) charitable associations that support the educational and interpretive programs of state parks. Made up of more than 26,000 members, these associations raise more than $11 million annually to provide critical funding for facilities, publications, special events, unique projects, historical demonstrations and staffing.[6]

Recently, at Sutter's Fort State Historic Park in Sacramento, volunteer docents working in conjunction with the Sacramento Historic Sites Association, built benches on the fort grounds for the use of park visitors. The materials for these benches were purchased from the proceeds of sales at the association-sponsored "trade store." Volunteer labor was supplied by docents and park visitors were at the same time able to observe craftspeople plying historical building practices as part of their park visit. This collaborative model not only benefits the parks department, but also the visiting public. According to Park Ranger Karen Meltzer, there would be little interest in the fort without the interpretive efforts of the volunteers.[7] Without volunteers, Sutter's Fort would be nothing more than a static display.[8] Instead, it comes alive through volunteerism and attracts thousands of visitors each year. The same is true for other park sites around the state. Increased volunteerism translates into increased attendance as visitors seek value for their entrance fees.

Likewise, other entities that use volunteers will find it easier to recruit and utilize them if they no longer need to worry about the implications of prevailing wage law. Unnecessary labor costs and expensive penalties will be avoided, and employees of the organization receiving volunteer services will be able to concentrate on the organization's core mission.

Acknowledging the need for increased volunteer services at the local level, Mark Baldassare and Karthick Ramakrishnan at the Public Policy Institute of California recently wrote in the Sacramento Bee, "Given a multi-billion dollar gap between spending and tax revenues, state budget cuts will certainly trickle down to the local government level this year. Local officials are bracing for another round of staff and service cuts that will affect public parks and recreation, health clinics, schools and other community programs. Under these tight fiscal constraints, it would make good economic sense to ask local residents to pitch in and help out in their communities."[9]

Recent attempts at reform

In February 2004, in the wake of the Sulphur Creek decision, Assembly Member Loni Hancock introduced Assembly Bill 2690 to exempt watershed projects from the legally defined category of public works. This bill was amended in committee to expand the exemption to all volunteer activity. The amended bill defines volunteer status and the nature of volunteerism.[10]

There is concern in the labor community that the increased use of volunteers will cause job loss and a devaluation of wages. Jim Lewis, a trade union spokesman, recently commented that the issue turned on what labor groups considered "legitimate" volunteer work.[11] Structured properly, statutory change can provide safeguards against this type of abuse. For example, the California Education Code already provides that school districts may not abolish classified positions or refuse to fill them and then use volunteer aides in lieu of district employees in those positions.[12] The overriding interest of organizations that utilize volunteers is not in eliminating jobs, but rather in leveraging available resources and the work of existing employees and providing services that otherwise would not be available.

Recommendations

A. **The Governor should work with the Legislature to exempt all volunteers from prevailing wage requirements.**

B. **The Governor should work with the Legislature to address additional impediments to the use of volunteers. This legislation should broaden the ability of state and other public agencies, municipalities and school districts to utilize volunteers by:**

- Establishing the legal definition of a volunteer;
- Establishing which entities may benefit from volunteer services (e.g., state agencies, cities and counties, non-profit organizations, school districts);

- Providing that volunteer service may be sought and used, notwithstanding the provisions of any relevant labor contract;
- Exempting work performed by volunteers from prevailing wage statutes;
- Providing a framework to prevent the abusive use of volunteers;
- Addressing the liability created by the tortuous conduct of volunteers;
- Allowing for reimbursement of reasonable expenses to volunteers without a loss of their volunteer status;
- Establishing the criteria by which a volunteer can serve as both a paid staff member and a volunteer for the same organization;
- Establishing that children, with parental consent and proper supervision, may volunteer; and
- Allowing entities to establish general rules and regulations for the recruitment, training, utilization, and retention of volunteers.

Fiscal Impact

The ability for volunteers to donate public service provides direct benefits in improved levels of service when assisting programs like the State Parks' interpretation program, and directly benefits the condition of state assets when assisting in programs such as cleanup activities. These benefits are not quantifiable. Also, an increase in attendance in the State Parks system would generate increased revenue to the State. In Fiscal Year 2002–2003, the admission fees collected at Sutter's Fort Historic Park doubled on days when historical interpreters were present.[13] This recommendation would not incur additional costs.

Endnotes

1 *California Labor Code, Division 2, Part 7, and California Code of Regulations, Title 8.*

2 *Daniel Weintraub, "California Has a Message for Volunteers: Get Lost," "Sacramento Bee" (April 6, 2004), p. B–7.*

3 *Department of Industrial Relations, Public Works, Precedential Decision 99–052.*

4 *Interview with Linda Fowler, school district trustee, North Sacramento School District, Sacramento, California (March 9, 2004).*

5 *Patrick Hoge,"Labor Code Thwarts Restoration Projects—Volunteers Must Earn Prevailing Wage" "San Francisco Chronicle" (April 5, 2004), http://www.lakemerced.org/Poliact/Volunteers/SFChronicle_040504.htm (last visited June 18, 2004).*

6 *California State Parks, "Cooperating Associations Program" http://www.parks.ca.gov/?page_id=976 (last visited May 24, 2004).*

7 *Interview with Karen Meltzer, park ranger at Sutter's Fort State Historic Park, California State Parks, Sacramento, California (April 24, 2004).*

8 *Interview with Bob Carter, Norma Orrick, Joe Waltz, park volunteers, and Katrina Hoover, capital district volunteer coordinator, California State Parks, Sacramento, California (April 23, 2004).*

9 *Public Policy Institute of California, "Can I Get a Volunteer?" by Mark Baldassare, senior fellow, and Karthick Ramakrishnan, research fellow, "Sacramento Bee" (May 23, 2004), p. E–1.*

[10] *California, Legislature, Assembly. Assembly Bill 2690 of the 2003–04 Legislative Session, August 18, 2003, amended version.*

[11] *Daniel Weintraub, "On Volunteers, State is Up a Creek Without a Clue," "Sacramento Bee" (April 29, 2004). p. B–7.*

[12] *California Education Code Sections 35021(b) and 35021(c).*

[13] *Sutter's Fort State Historic Park, Attendance and Fund Collection Records, reviewed on May 22, 2004.*

ETV 29

Restructure the Governor's Office on Service and Volunteerism

Summary

To promote and facilitate volunteerism and philanthropy, the state should restructure and expand the existing Governor's Office on Service and Volunteerism (GO SERV). The new organization—the California Service Corps—will include existing programs administered by GO SERV and six programs transferred from other state agencies. Consolidating these programs will use state resources more efficiently and allow greater coordination of programs to promote volunteerism and philanthropy.

Background

In 1994, the California Commission on Improving Life through Service was established.[1] The name of the commission was later changed to GO SERV—the Governor's Office on Service and Volunteerism—to better communicate its purpose and broaden the scope of its work.[2] GO SERV serves as California's national service commission. It administers AmeriCorps, Citizen Corps, and Cesar Chavez Day of Service and Learning in California, and helps meet community challenges through service and volunteerism.[3]

State and federally sponsored volunteer and service programs exist in several other state agencies. Six of these programs that could be managed by the proposed California Service Corps office are described below:

- ***The Governor's Mentoring Partnership*** encourages state employees to be mentors. Current participation is 1,000 to 2,000 employees statewide.[4] The program also fosters mentoring programs statewide. Proposed staffing reductions threaten the viability of the program;[5]
- ***Senior Corps,*** also referred to as the Intergenerational Education Program, allocates $171,000 annually to 10 agencies. The program is administered by the California Department of Education.[6] The program places about 3,500 senior volunteers in K–12 schools and serves 35,000 students. Program funding will end September 30, 2004.[7] The program may be able to continue in another agency where resources can be leveraged and new resources potentially developed to sustain the program;
- ***The Academic Volunteer and Mentor Service Program*** is designed to assist students to succeed in their academic studies. This program is currently administered by the Secretary for Education;[8]
- ***California Arts*** Council's mission is to make available and accessible quality art reflecting all of California's diverse cultures.[9] The California Summer School for the Arts provides an educational environment for young California artists.[10] These arts programs

have been administered as separate entities, but have coordinated activities. They sustained severe fiscal cuts in the past two years reducing their functions and staff; and

- ***California Conservation Corps*** (CCC) is a youth conservation corps that provides service to the state of California and its youth participants. CCC is not a volunteer program; its participants receive limited compensation. In addition to state support, the corps is also supported through fee-for-service contracts with local agencies. CCC is a department within the Resources Agency.[11]

These programs could be administered by a single organization that supports their volunteer efforts and is held accountable for the success of these programs. Consolidation provides economies of scale by centralizing administrative operations. Under the restructured California Service Corps, human resources, accounting, budgets, business and information technology services could be provided more efficiently and cost effectively through consolidated administrative staff resources. A single organization would provide easier access, greater efficiency and higher customer satisfaction. The program could consolidate efforts to recruit, train, and match volunteer opportunities with participants and strengthen the quality and viability of California Service Corps services. Barriers to volunteerism could be addressed more effectively and volunteers could be directed to projects to improve the quality of life, educational opportunities and public safety of Californians.

Promoting philanthropy and giving to the state

California lacks a central entity responsible for promoting the giving of contributions and donations to the state. The state should develop an efficient and customer friendly mechanism for donors to contribute resources that would benefit the state and its residents. A single state entity could promote the donation of money and resources to support state activities, and could seek and receive donations in support of California state sponsored projects. The entity could serve as the single point of contact for donors and could resolve any difficulties associated with the donation process. An Internet website could highlight state projects in need of support as a way to increase awareness of and promote additional donations or volunteer support.

Recommendations

A. The Governor should issue an Executive Order to rename the current Governor's Office on Service and Volunteerism (GO SERV) as the California Service Corps to better reflect the broader mission of the organization.

B. The Governor should work with the Legislature to transfer the following six programs from other state agencies to the new California Service Corps:

- **The Governor's Mentoring Partnership;**
- **Academic Volunteer and Mentor Service Program;**
- **Senior Corps;**
- **California Arts Council;**

- **California Summer School for the Arts; and**
- **California Conservation Corps.**

C. The restructured California Service Corps should promote increased awareness of private giving to support state activities through creation of philanthropic liaison activities and expanded public outreach activities.

Fiscal Impact

The consolidation and restructuring of the Governor's Office on Service and Volunteerism will result in as yet undetermined savings due to the efficiencies gained. These savings stem from the elimination of duplicative administrative personnel and redundant administrative infrastructures.

A portion of the savings are proposed to be redirected to accomplish the new philanthropy, performance-based program management, resource development, and internet portal activities described above. Any surplus savings will accrue to the General Fund.

Endnotes

1 *Executive Order W-77-94 Governor Deukmejian, 1994.*

2 *Executive Order D-51-02 Governor Davis, 2002.*

3 *The Governor's Office on Service and Volunteerism (GO SERV), http://www.goserv.ca.gov/index.asp (last visited on May 21, 2004).*

4 *Telephone interview with Arle Jean Simon, State Controller's Office, Sacramento, California (March 22, 2004).*

5 *Telephone interview with Oscar Villegas, deputy director, Governor's Mentoring Partnership, Sacramento, California (June 3, 2004).*

6 *Welf. & Inst. C., Div. 8.5, Chpt. 6.5, £9520.*

7 *Governor's Budget, Fiscal Year 2004–2005.*

8 *Academic Volunteer and Mentor Service Program website, http://getgrants.ca.gomodules.php?op=modload&name=News&file=article&sid=133&mode=thread&order=0&thold=0 (last visited June 19, 2004).*

9 *California Arts Council, http://www.cac.ca.gov/about/mission.cfm (last visited June 19, 2004).*

10 *California Summer School for the Arts, http://www.csssa.org/About.html (last visited June 19, 2004).*

11 *California Conservation Corps, http://www.ccc.ca.gov/cccweb/ABOUT/about.htm (last visited June 19, 2004).*

ETV 30

Remove Barriers that Impede the Use of Donated Funds

Summary
When individuals donate money to the state, various impediments hinder the ability of the state to make efficient use of these donations. In order to more efficiently and effectively use donated resources, state law should be amended to simplify the process by which the state can receive and use donated funds.

Background
The use of funds donated to the state has been delayed for months, even years, due to difficulty in obtaining necessary governmental approvals.[1] Currently, donations are treated differently depending on the type of donation and the state entity receiving the donation.

California Government Code Section 11005 generally requires the Department of Finance (DOF) to approve the use of donations designated by the donor for a specific purpose. Such donations are typically known as conditional gifts. The approval requirement is intended to protect the state General Fund should such gifts fall short of the amount necessary to complete or maintain the designated project. Government Code Section 11005 also states that "unconditional gifts of money" do not require DOF approval since such contributions generally do not result in future state General Fund liability.[2]

There are several problems with current state law, as evidenced by these examples.

To circumvent the difficulties associated with receiving approval to make use of donated resources, some state agencies and departments have created non-profit auxiliary foundations into which donated funds are deposited. These foundations are typically outside the state's normal budget and oversight processes.

Because some donations are deposited into these "off-budget" foundations, DOF reports that the state does not know the full amount of money or the value of goods that have been donated to the state.[3]

In 2003, when the state vehicle license fee (VLF) was reduced, a taxpayer requested that the state use his Vehicle License Fee reimbursement for the "greatest need" as identified by the state. Because this donation of funds was considered a conditional gift, it was subject to approval by DOF. The inefficient and cumbersome processes associated with obtaining the necessary approval to expend the donation resulted in greater costs to the state than the value of the donation itself.[4]

Recommendations

A. **To remove inefficiencies and barriers associated with the state making efficient use of conditional monetary donations, the Governor should work with the Legislature to amend Government Code Section 11005 to streamline the process by which conditional monetary donations can best be used.**

Government Code Section 11005 should be amended to remove the current Department of Finance (DOF) approval requirement. Instead, conditional monetary donations should require approval by the appropriate Governor's cabinet secretary. The law should also provide authority to the agency secretaries to use cash donations without explicit appropriation authority, and the use of such funds shall not be subject to the state's existing contracting and procurement-related requirements. These changes should result in a decreased need for state agencies to circumvent the law and establish new auxiliary foundations.

B. **The Governor should issue an Executive Order directing the Governor's Office on Service and Volunteerism, or its successor, to develop a process to identify all funds donated directly to the state or to any state-affiliated auxiliary foundation.**

Fiscal Impact

These recommendations will result in a more efficient and streamlined approval process for the expenditure of donations made to the state. This change may also encourage more donations made to the state for specific expenditures.

Because the funds are donated, there are no anticipated direct General Fund implications; however, this may result in ongoing state commitments that otherwise may not have been approved by DOF, or its successor.

Endnotes

1 *Interview with Deborah Hysen, chief deputy director, Department of General Services, Sacramento, California (May 24, 2004).*

2 *California Government Code Section 11005.*

3 *Interview with Glenda Clark, analyst, Department of Finance, Sacramento, California (April 28, 2004).*

4 *Conversation with Glenda Clark, analyst, Department of Finance, Sacramento, California (April 28, 2004).*

ETV 31

Expand the Scope of the California Conservation Corps

Summary
The California Conservation Corps (CCC) is a youth development program that provides critical emergency response services to California. During non-emergency periods, CCC is engaged in various projects to preserve the state's parks, coastlines, and other natural wonders. Because of limited funding, the future of CCC is at risk. To ensure that CCC is available to assist the state during natural emergencies, it should be given the flexibility and authority necessary to become more entrepreneurial.

Background
The CCC is the oldest, largest and longest-running youth conservation corps in the world. Nearly 90,000 young men and women have worked more than 50 million hours to protect and enhance California's environment and communities and have provided six million hours of assistance with emergencies such as fires, floods and earthquakes.[1]

In its current structure, CCC serves three significant missions:

- Conserving and improving California's natural resources;
- Assisting with natural disasters and homeland security; and
- Providing meaningful work, education, training, social development, and guidance to California youth who seek an alternative to higher academic education on their path to adult citizenry and self sufficiency.

Men and women between the ages of 18 and 23 can join CCC. Corps members earn pay and benefits and have an opportunity to receive college or vocational school scholarships.[2] Through CCC activities, Corps members enhance their skills and education. They learn important values such as cooperation, teamwork, commitment, dedication, ambition, responsibility, dependability and self-discipline. These values should help them develop into active citizens who will make a difference in California.[3]

For example, a vital function of the CCC is its disaster response capability.[4] The CCC decreases the potential for natural disasters by removing dead brush and wood in California's forests and through clearing water channels to reduce potential floods. The CCC benefits state parks by clearing trails. The CCC is also a critical component of the state's fire fighting infrastructure with many corps members receiving California Emergency Response Team (CERT) training in order to assist with brush and wild fires.

The CCC emergency response services are a key component of the state's disaster preparedness and response efforts. The future of CCC and its ability to provide these emergency services are at risk because of limited funding. For example, the state's support for CCC has been reduced by more than $30 million over the past few years. Its fee-for-service support has also declined as local government and non-profit organizations have also reduced their spending on conservation and natural resource protection activities.

In order to ensure CCC is available to assist the state during natural emergencies, the state should provide CCC with the flexibility and authority necessary for it to be more entrepreneurial in its activities so it can generate the revenues needed to sustain its disaster response related abilities. The most recent reductions in CCC's budget have resulted in fewer Corps members receiving CERT training. Corps members who are not CERT certified cannot fight fires and may only assist in emergencies on a limited basis.[5]

One example of a new entrepreneurial effort that CCC might undertake relates to mapping the state's mines. There are an estimated 50,000 abandoned mines in California. Of those, only about 1,500 mines have been mapped. California lawmakers have requested that all 50,000 mines be mapped. State geologists are currently performing this task along with their other regular duties at a significant cost to the state. CCC could assume greater responsibility for this task and reduce overall state expenditure for this activity. Corps members would also benefit from developing technical skills that have the potential for well-paying employment.

Recommendation

The Governor should work with the Legislature to provide the California Conservation Corps, or its successor, with the flexibility and authority necessary to become more entrepreneurial, generate new sources of funding and continue to serve the state during natural disasters.

Fiscal Impact

Implementation of this recommendation is not anticipated to have any short-term General Fund impact. Any expansion in the scope of CCC will be self-funded. Allowing CCC to become more entrepreneurial will allow it to increase its fiscal self-sufficiency, and, in the long-term, reduce reliance on the state General Fund.

Endnotes

1 *California Conservation Corps, "California Conservation Corps," http://www.ccc.ca.gov/cccweb/index.htm (last visited June 12, 2004).*

2 *California Conservation Corps, "About the CCC," http://www.ccc.ca.gov/cccweb/ABOUT/about.htm (last visited June 12, 2004).*

3 *California Conservation Corps, "About the CCC."*

4 *The Governor's Office of Emergency Services, "The Governor's Office of Emergency Services," http://www.oes.ca.gov/Operational/OESHome.nsf/ (last visited on May 15, 2004); and interview with Cindy Shamrock, director, Department of Forestry and Fire Protection, Sacramento, California (March 23, 2004).*

5 *Interview with Patty Keating, executive director and Greg Edwards, chief, Administrative Services Division, California Conservation Corps, Sacramento, California (April 8, 2004).*

ETV 32

Create a Pilot Volunteer Leave Program for State Employees

Summary
By providing state employees the opportunity to take time off without pay to volunteer, the state could reduce its payroll costs while encouraging greater volunteerism among state employees. Under this proposed two-year pilot program, the state would defer payment for time off to state employees who volunteer up to four hours per month or 48 hours per year in approved nonprofit agencies. Employees would "bank" these hours and be paid for them upon separation from state service or retirement.

Background
There are currently two programs available to assist California state employees who seek opportunities to volunteer their time and efforts on behalf of the state. The Governor's Office of Service and Volunteerism administers the GO SERV program and the California Office of Alcohol and Drug Programs administers the Governor's Mentoring Partnership.

GO SERV
In 1994, the California Commission on Improving Life Through Service was established by executive order.[1] To better communicate its purpose and broaden the scope of its work, the name of the Commission was changed in 2002 to GO SERV-Governor's Office on Service and Volunteerism.[2] GO SERV is California's national service commission, charged with administering AmeriCorps, Citizen Corps, and Cesar Chavez Day of Service and Learning in California, and promoting service and volunteerism statewide. There are no specific incentives for state employees to participate in volunteer efforts through GO SERV, which serves as a sort of "switchboard" connecting potential volunteers with entities that support volunteer service.

Governor's Mentoring Partnership
The Governor's Mentoring Partnership (GMP), formerly the California Mentoring Initiative, was created through executive order to provide continuing support for California's youth through mentoring.[3] Mentoring is a cost-effective prevention strategy that provides youth with positive, caring role models who help them succeed and become productive, contributing members of our society.

The GMP works in partnership with over 300 community-faith- and school-based mentoring programs to provide increased public awareness for mentoring and to expand mentoring in the public and private sector.[4] The GMP provides incentives for rank and file state employees by matching the employee's leave time hour-for-hour with paid mentoring leave. Eligible participants receive up to forty (40) hours of paid “mentoring leave” per calendar year to complete mentoring activities. While approximately 85,000 state employees are eligible to participate in the program, less than 2,000 employees currently participate. The low participation rate is due in part to the high level and long duration of commitment, as well as the many rigid requirements placed on mentoring participants.[5]

Volunteer service opportunities abound

There are many volunteer opportunities offering various levels of time and duration of commitment. Many private nonprofit, schools, and governmental organizations have volunteer programs in place and are in need of volunteers.[6] Disaster recovery provides additional opportunities for Californians to help in times of need. For example, California is still recovering from the devastating fires of 2003 and volunteers are needed to support efforts to mitigate potential hazards from mudslides.[7]

Offering an incentive to state employees to volunteer in coordination with the GOSERV and GMP, or with other nonprofit organizations, is a viable strategy for increasing the participation of state employees in service projects and expanding the impact of these programs. State employees could benefit through increased opportunities to volunteer, including parents who would be able to participate in programs during their normal work schedule when they have support systems in place for day care, and are not required to meet other responsibilities. All participating state employees would benefit by deferring tax liability to offset a reduction in gross pay during their enrollment in the program, knowing that those payments would be made to them at the time they leave state service or retire.

Recommendation

The Governor should issue an Executive Order establishing a Pilot Volunteer Leave Program for state employees.

- The program should include an option for full-time state civil service employees to bank volunteer service hours completed during normal work schedules on behalf of private nonprofit, governmental, or faith-based organizations.
- Participating state employees would perform volunteer service on approved time off without pay or “dock time.” The time would be documented in the employee’s attendance records, and payment for these hours would be made upon separation from state service or upon retirement.
- Management would work with employees to ensure state services and workload requirements are maintained and retain the right to limit volunteer leave time if these conditions cannot be met.

Fiscal Impact

This proposal defers some payroll expenditures for two years and pushes the liability for repayment to a future date. The liability would be paid upon separation from state service or upon retirement.

Some start-up costs will be incurred to implement this proposal including the costs of informing state employees of the availability of the program, initial enrollment, and costs of establishing the fiscal tracking of the program by the State Controllers Office. These costs cannot be estimated.

Endnotes

[1] *California Office of the Governor, "Executive Order W-77-94," Sacramento, California, January 1994.*

[2] *California Office of the Governor, "Executive Order D-51-02," Sacramento, California, January 4, 2002.*

[3] *California Office of the Governor, "Executive Order W-132-96," Sacramento, California, April 3, 1996.*

[4] *Governor's Mentoring Partnership, "About the Governor's Mentoring Partnership," http://www.mentoring.ca.gov/about_gmp.shtm (last visited on June 8, 2004).*

[5] *Interview with Arle Jeanne Simon, State Controller's Office, Sacramento, California (March 22, 2004).*

[6] *California Pages, "California Non-Profit Organizations," http://www.calif.com/non.profit.html (last visited on May 15, 2004).*

[7] *Office of Emergency Services, "The Governor's Blue Ribbon Fire Commission," http://www.oes.ca.gov/Operational/OESHome.nsf/a0f8bd0ee918bc3588256bd400532608/3d3127f2bcff01b688256de3005faf6e?OpenDocument (last visited on May 15, 2004).*

ETV 33

Require Community Service of Public College and University Students

Summary

Only one in four California adults provided community service within the past year.[1] Given the pressing challenges facing the state, Californians should be called to action to restore the state's strength, vitality, and prosperity—making it the best place in the nation in which to reside. California is positioned to lead the nation in a turnaround in civic participation and volunteerism. In exchange for the significant investment of taxpayer funds in their education and their future, students attending the state's public colleges and universities should be required to perform a minimum amount of community service. This service requirement will benefit the students, their community, and the overall well-being of California and its people.

Background

In 2002, the Public Policy Institute of California conducted a survey on the amount, types and participants in volunteer activities in California. It found the same volunteerism trends that have raised red flags in national studies: too few people giving too little of their time to a narrow range of community activities. California, like the rest of the nation, suffers from the "bowling alone" syndrome first brought to light in a 2000 best-selling book of the same name written by political scientist Robert Putnam of Harvard University. For a variety of reasons, Americans have drifted away from civic activities like voting and belonging to clubs and organizations, and increased their hours in solo activities like television watching, video games and Internet surfing. Requiring young adults to perform community service early in their lives may instill in them a responsibility to remain active and engage in civic and community activities throughout their entire life.[2]

Why should students engage in community service?

The literature has identified numerous reasons why students should be required to engage in community service. Some of the reasons cited include:[3]

- Community service provides an excellent way to train young people for citizenship by engaging students in active civic participation;
- Service is a way for students to explore careers and gain practical work skills;
- Students benefit from the lessons learned and experiences gleaned through community service; and
- Community service helps to address or reduce a community's needs.

Research on community service experiences among adults has found that such experiences enhance participants' skills and training. Specifically, the research revealed that:

- Fifty percent or more of volunteers in one project reported improved skills in writing, listening, speaking, creative thinking, decision-making, problem-solving, knowing how to learn, self-esteem and self-management;[4] and
- Volunteer placements tied to individual training needs can enhance almost any skill, but particularly communication, teamwork, and creative thinking.[5]

Is community service currently mandated in public colleges and universities?

Community service is typically not mandated or required at public colleges or universities, although many public institutions encourage students to engage in such activities. However, initiatives to require community service of public college and university students are beginning to grow. For example, a Pennsylvania state representative has introduced legislation that would require students at the state's 14 public universities to perform a minimum of 25 hours of community service annually.[6]

In May 2004, Governor Schwarzenegger announced a new agreement between the University of California (UC) and the California State University (CSU). While that agreement covers various issues, it contains the following statement concerning the role and importance of community service within California's public universities:

> Increasing public service to help meet community needs and fostering citizenry that is oriented toward performing community services are high priorities for the state. The CSU and UC will strengthen programs to encourage students to participate in community service programs while they are enrolled at their campuses.[7]

Rationale for this proposal

The rationale behind mandating community service responsibilities for students attending California's public colleges and universities is two-fold. The first goal is to draw students into a participatory citizenry, to recognize their efforts, and to build their sense of membership within California's global society. The second intent of the proposed community service requirement is to create a societal expectation that each individual has a responsibility to acknowledge the benefits provided them by society as a whole and, with these benefits, to accept responsibility to participate in the betterment of society and not rely exclusively on governmental institutions to fulfill that function.

California taxpayers subsidize the education of students enrolled in the state's public colleges and universities. Since the tuition and fee payments of students enrolled in public colleges and universities do not cover the full cost of their education, students benefit from the state investing significant resources in their higher education. In exchange for the taxpayers' investment in their education and their future, students attending the state's public colleges and universities could be required to provide community service.

Recommendation

The Governor should work with the Legislature to require all students enrolled in California's public colleges and universities to perform a minimum of 16 hours of community service in order to receive their degree or certificate.

Recognizing that California's public colleges and universities enroll a significant number of students who have full-time employment or who have significant family responsibilities, it is not a desire to create an undue hardship on these or any other students. This minimum number of community service hours is recommended as a first step toward public college and university students in providing their communities with a small amount of their time in exchange for the significant public investment in their higher education.

Fiscal Impact

Implementing the community service recommendation incurs minimal costs to the General Fund. The expected costs to the state's public colleges and universities would be limited to informing students of the community service requirement and entering the participation data into student records. However, the public benefit from the community service provided by participating students would more than offset the cost. It is estimated that the cost benefit is worth approximately $192 million. This assumes that about 50 percent of students enrolled in California's public colleges and universities—about 1.2 million students in the fall of 2002—perform 16 hours of community service with each hour of service valued at $10.

Endnotes

1. *Mark Baldassare and Karthick Ramakrishnan, "State Needs to Tap into People Power—But There are Obstacles," "Sacramento Bee" (May 23, 2004).*
2. *Mark Baldassare and Karthick Ramakrishnan, "State Needs to Tap into People Power—But There are Obstacles," "Sacramento Bee" (May 23, 2004).*
3. *Education Commission of the States, "Mandatory Community Service: Citizenship Education or Involuntary Servitude?" (Denver, Colorado, November 1999), p. 4; http://www.ecs.org/clearinghouse/14/26/1426.htm (last visited June 21, 2004).*
4. *Deborah Bainer, Diane Cantrell, Pat Barron, "Professional Development of Environmental Educators through Partnerships," presented at the North American Association of Environmental Education (Vancouver, British Columbia, 1997), p. 28.*
5. *Cathleen Wild, "Corporate Volunteer Programs: Benefits to Business" (New York, New York, 1993).*
6. *"Lawmaker Proposes College Community Service Requirement," "Pittsburgh Tribune-Review" (October 14, 2003), http://pittsburghlive.com/x/search/s_159830.html (last visited June 21, 2004).*

[7] *California Office of the Governor, "Higher Education Compact: Agreement between Governor Schwarzenegger, the University of California and the California State University, 2005–06 through 2010–11" (Sacramento, California, May 11, 2004), p. 7.*

Education, Training and Volunteerism
Fiscal Impact Table
(Dollars Displayed in Thousands)

		2004-05		2005-06		2006-07		2007-08		2008-09		
		Savings(Costs)/Revenue		Savings(Costs)/Revenue		Savings(Costs)/Revenue		Savings(Costs)/Revenue		Savings(Costs)/Revenue		5-Year
Issue Number	Issue Description	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	Cum. Total All Funds
ETV 01	Restructure the Role of the Secretary for Education	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ETV 02	Create an Education and Workforce Council	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ETV 03	Consolidate Selected Higher Education Agencies	$0	$0	$750	$750	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$10,500
ETV 04	Restructure California's Teacher Credentialing Agency	($124)	$250	($124)	$951	($124)	$951	($124)	$951	($124)	$951	$3,434
ETV 05	Regionalize K-12 Educational Infrastructure	$0	$0	$0	$0	CBE	$9,000	CBE	$18,000	CBE	$18,000	$45,000
ETV 06	Reduce Non-Instructional Costs in K-12 Schools	$0	CBE	$0	CBE	$0	CBE	$0	CBE	$0	CBE	CBE
ETV 07	Eliminate Unnecessary Reports Required in the Education Code	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ETV 08	Reform Concurrent Enrollment Funding and Options	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE
ETV 09	Establish Qualifications for Chief School Business Officers	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE
ETV 10	Establish Performance-Based Contracts Between the State and K-12 School Districts	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE
ETV 11	Change Enrollment Entry Date for Kindergartners to Enhance Their Success	$0	$0	$450,000	$210,000	$450,000	$210,000	$490,000	$200,000	$490,000	$200,000	$2,700,000

Education, Training and Volunteerism
Fiscal Impact Table
(Dollars Displayed in Thousands)

		2004-05		2005-06		2006-07		2007-08		2008-09		
		Savings(Costs)/Revenue		Savings(Costs)/Revenue		Savings(Costs)/Revenue		Savings(Costs)/Revenue		Savings(Costs)/Revenue		5-Year
Issue Number	Issue Description	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	Cum. Total All Funds
ETV 12	Preserve Federal K-12 Nutrition Funds	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE
ETV 13	Improve the Special Education Hearing and Mediation Process	$0	$0	CBE	$550	CBE	$550	CBE	$550	CBE	$550	$2,200
ETV 14	Decrease the Cost of K-12 Textbooks	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE
ETV 15	Make it Easier for Students to Transfer from a Community College to a University	$0	$0	$0	$0	$0	$29,000	$0	$58,000	$0	$88,000	$175,000
ETV 16	Provide a Fee Waiver in Lieu of a Cal Grant Award	$0	$5,600	$0	$6,600	$0	$6,600	$0	$6,600	$0	$6,600	$32,000
ETV 17	Make Higher Education More Affordable by Reducing the Cost of Textbooks	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ETV 18	Increase College and University Tuition for all Non-Resident Students	$0	$48,804	$0	$176,371	$0	$216,149	$0	$258,711	$0	$304,253	$1,004,288
ETV 19	Establishing Community College Enrollment Priorities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ETV 20	Streamline Approval of Private Postsecondary Education Institutions	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE
ETV 21	Improve Higher Education Accountability to Meet the State's Needs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ETV 22	Reduce the Cost of the State's Student Loan Guarantee Function	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE

Education, Training and Volunteerism
Fiscal Impact Table
(Dollars Displayed in Thousands)

		2004-05		2005-06		2006-07		2007-08		2008-09		
Issue Number	Issue Description	Savings(Costs)/Revenue General Fund	Other Funds	Savings(Costs)/Revenue General Fund	Other Funds	Savings(Costs)/Revenue General Fund	Other Funds	Savings(Costs)/Revenue General Fund	Other Funds	Savings(Costs)/Revenue General Fund	Other Funds	5-Year Cum. Total All Funds
ETV 23	Expand Options for Obtaining a Bachelor's Degree	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE
ETV 24	Use a Portion of the Student Loan Operating Fund Surplus to Fund Cal Grant Awards	$134,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$134,000
ETV 25	Balance Career Technical Education and College Preparation in High Schools	CBE	($100)	CBE	($510)	CBE	($390)	CBE	($390)	CBE	($292)	($1,682)
ETV 26	Expand Training Partnerships with Private Industry	$0	$0	$0	$0	$3,168	$0	$6,336	$0	$9,504	$0	$19,008
ETV 27	Modify the 75 Percent Full-Time Community College Faculty Requirement	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ETV 28	Remove Statutory Impediments to Volunteerism	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE
ETV 29	Restructure the Governor's Office on Service and Volunteerism	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE
ETV 30	Remove Barriers that Impede the Use of Donated Funds	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE
ETV 31	Expand the Scope of the California Conservation Corps	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE
ETV 32	Create a Pilot Volunteer Leave Program for State Employees	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE

Education, Training and Volunteerism
Fiscal Impact Table
(Dollars Displayed in Thousands)

Issue Number	Issue Description	2004-05 Savings(Costs)/Revenue General Fund	2004-05 Savings(Costs)/Revenue Other Funds	2005-06 Savings(Costs)/Revenue General Fund	2005-06 Savings(Costs)/Revenue Other Funds	2006-07 Savings(Costs)/Revenue General Fund	2006-07 Savings(Costs)/Revenue Other Funds	2007-08 Savings(Costs)/Revenue General Fund	2007-08 Savings(Costs)/Revenue Other Funds	2008-09 Savings(Costs)/Revenue General Fund	2008-09 Savings(Costs)/Revenue Other Funds	5-Year Cum. Total All Funds
ETV 33	Require Community Service of Public College and University Students	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE	CBE
Education, Training and Volunteerism Total		**$133,876**	**$54,554**	**$450,626**	**$394,712**	**$454,544**	**$473,360**	**$497,712**	**$543,922**	**$500,880**	**$619,562**	**$4,123,748**

The amounts shown for each year in the above chart reflect the total change for that year from Fiscal Year 2003-04

CBE - Cannot Be Estimated