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Consolidation of CPEC and CSAC

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

Presented to:

Senate Education Committee

Hon. Gloria Romero, Chair





Consolidation of CPEC and CSAC

- ☒ As part of his budget package, the Governor has proposed consolidating the California Postsecondary Education Commission (CPEC) and the California Student Aid Commission (CSAC) into a new executive branch agency.
- ☒ Any budgetary savings from this action would be minimal, and should not be the basis for the Legislature's decision on this proposal.
- ☒ Instead, there are important policy questions for the Legislature to consider regarding whether higher education coordination and financial aid administration should be placed in the executive branch.



Existing Organizations

	California Postsecondary Education Commission (CPEC)	California Student Aid Commission (CSAC)
Purpose	Provide planning and coordination of state's system of higher education.	Administer state's student financial aid programs.
Commissioners	16 representing public, higher education segments, and students.	15 representing public, higher education segments, high schools, and students.
Appointing authority	<ul style="list-style-type: none"> • Governor (6) • Senate Rules Committee (3) • Assembly Speaker (3) • UC Regents (1) • CSU Trustees (1) • CCC Board of Governors (1) • Board of Education Chair (1) 	<ul style="list-style-type: none"> • Governor with Senate confirmation (11) • Senate Rules Committee (2) • Assembly Speaker (2)
Staff positions	21	146
Funding	<ul style="list-style-type: none"> • \$2 million General Fund. • \$9 million federal funds (of which \$8.5 million is distributed as grants). 	<ul style="list-style-type: none"> • \$900 million General Fund (\$887 million distributed as student aid). • \$18 million in federal funds (nearly all distributed as student aid). • \$1.5 billion in special funds for student loan operations administered through auxiliary.
Main responsibilities	<ul style="list-style-type: none"> • Serve as state's primary clearinghouse for higher education information. • Review/make recommendations on proposals for new academic programs, sites, and campuses. • Administer federal education programs. 	<ul style="list-style-type: none"> • Administer Cal Grants and other state financial aid programs for students attending colleges, universities, and career training schools in the state. • Provide financial aid information and outreach.



Governor's Consolidation Proposal



Proposal Would Eliminate CPEC and CSAC—the Appointed Boards and Staff Agencies—and Create a New Department in the Executive Branch to Perform Their Functions.

- Some functions would be transferred to the segments under financial aid decentralization.
- Other functions could be contracted out or performed in the new department.



The Governor Would Appoint a Director and Deputy Director for the New Department.



Proposal Would Create Advisory Body in Statute.

- Composition similar to that of CPEC, but fewer public members and addition of Director of Finance.
- No formal authority, only language stating that the advisory committee's recommendations shall be given great weight by the director in administering and regulating the programs formerly administered by CPEC and CSAC.



Possible Budget Savings.

- Minimal savings from merged executive and administrative operations and reduction in number of appointed bodies.
- Responsibilities would have to be reduced to achieve other savings.



Policy Questions

- ☒ Is Independence Necessary for CPEC?
- ☒ Is Independence Necessary for CSAC?
- ☒ Would Consolidation Improve Performance for CPEC?
- ☒ Would Consolidation Improve Performance of CSAC?



Policy Questions

(Continued)



What Alternatives Should Be Considered?

- Retain one or both independent commissions and improve performance by changing their operations or structures.
- Change CPEC's composition to increase public representation.
- Consolidate CPEC appointments under fewer appointing authorities.
- Provide clear state goals and priorities for higher education, and thus for CPEC.
- Change administration of financial aid programs (separate proposal).
- Consolidate or eliminate one or both commission(s) as a short-term measure, with intent to restore independent commission(s) at a future date. Some functions would have to be transferred to other statewide offices.



Other Policy Considerations.

- What is the value of a statutory advisory body with no formal authority?
- Should the Legislature consider including the Bureau of Private Postsecondary and Vocational Education in a higher education consolidation?