

July 24, 2014

# State Review and Approval of New Public Higher Education Campuses and Centers

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LEGISLATIVE ANALYST'S OFFICE

Presented to:  
Assembly Select Committee on Higher Education  
In San Diego County  
Hon. Shirley Weber, Chair





## Purposes of State Review and Approval

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### Statewide Priorities

- State review and approval is intended to ensure new campuses and off-campus centers develop in accordance with statewide interests for higher education.
  - This is important because statewide interests can differ from segmental interests. For example, segments may desire a new campus to increase their size or influence, regardless of the state's interests for higher education.
  - Statewide interests also can differ from local interests. For instance, local communities may desire a new campus to generate economic activity in the area, regardless of the state's interests for higher education.



### Coordination

- State review and approval is intended to ensure coordination among the state's three public higher education segments—the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC)—and the state's private college sector (including both for-profit and nonprofit schools).
- Coordination helps prevent duplication of effort and inefficiencies. For example, state review can discourage one segment from opening a desired new campus when another segment's campus already exists nearby operating the same educational programs as proposed for the new campus.



### Resource Allocation

- State review and approval also allows the state to consider the effects of opening a new campus or center on the state's overall budget and the state resources remaining for existing public campuses.



## Historical State Review Process

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### **Coordinating Council for Higher Education**

- Created as part of the state's Master Plan for Higher Education in 1960, the Coordinating Council for Higher Education was tasked with conducting studies to coordinate and plan for higher education growth in the state.
- The council conducted long-range planning studies that broadly assessed the state's interests in developing new campuses or centers in various regions. It did not review specific proposals from UC, CSU, and CCC for new campuses or off-site centers.



### **California Postsecondary Education Commission (CPEC)**

- Created in 1974, CPEC replaced the council as the state's higher education coordinating agency.
- Though CPEC also performed some long-range planning studies, one main difference from the council was that CPEC was charged with reviewing proposals submitted by UC, CSU, and CCC to establish new campuses or centers.
- Based on its review, CPEC made recommendations to the Legislature and the Governor on whether to proceed with establishing the campus or center.
- In the 2011-12 budget, the Governor line-item vetoed all funding for CPEC. The agency subsequently closed in November 2011.



## CPEC Review Process

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### Preliminary Notice

- CPEC's review process required UC, CSU, and CCC to submit a preliminary notice at the beginning of the segment's planning process for a new campus or off-site center.
- The preliminary notice had to include information on the proposed institution's (1) general location, (2) type of operations, (3) time frame for development, (4) projected enrollment, and (5) near-term capital outlay plan. A copy of a UC, CSU, or CCC board agenda discussing the new site also was required.
- The preliminary notice was required for informational purposes. It was not given formal consideration or approval by CPEC.



### Letter of Intent

- The next step in CPEC's process was for the segments to submit a letter of intent when they were within five years (two years for CCC) of requesting state funds for capital outlay.
- The letter of intent had to contain similar information as the preliminary notice but with greater specificity. For example, the letter of intent included the specific site or sites under consideration as opposed to just a general location. The letter of intent also had to be accompanied by a board resolution in support of the new campus or center.
- The CPEC responded to letters of intent within 60 days. The CPEC response included any concerns with the proposal. It also indicated whether the segment should proceed with development plans.



## CPEC Review Process

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### Needs Study

- The last step in CPEC's process was for the segments to submit a study that provides a justification for the campus or center on the site identified.
- The needs study included nine different areas according to which the proposal was evaluated. (These nine areas are listed on the next page.)
- The CPEC responded to needs studies within one year for new campuses and within six months for new centers. The response included a formal recommendation to the Governor and the Legislature.



## CPEC Review Criteria

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- Enrollment.** Enrollment projections had to be sufficient to justify the establishment of the campus or center. The Department of Finance's Demographic Research Unit had to approve the projections.
- Alternatives.** Six alternatives were evaluated, including (1) not approving the proposal, (2) expanding existing institutions, (3) utilizing existing facilities, (4) sharing existing facilities owned by other institutions, (5) using nontraditional instructional delivery models, and (6) obtaining financing from private sources. A cost-benefit analysis of the selected site compared to alternative sites also was required.
- Academic Planning.** The proposed academic degree programs were evaluated according to CPEC's standard program review guidelines.
- Student Services.** The commission evaluated planned student services, such as financial aid, counseling, and tutoring.
- Costs.** The commission evaluated the proposed support costs over the next five years and proposed capital costs over the next ten years.
- Accessibility.** The commission evaluated transportation options to and from the campus, plans for housing, and access for disabled persons.
- Effects on Other Institutions.** The effects on enrollment at nearby institutions was considered, along with nearby community support or opposition.



## CPEC Review Criteria

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- Environmental Impact.*** Segments were required to demonstrate their initiation of an Environmental Impact Report pursuant to state law.
  
- Economic Efficiency.*** The commission gave priority to campuses or centers for which the state did not have to bear all of the costs (typically occurring in cases of donor-provided land and buildings).



## State Approval

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### State Budget Process

- One way in which the Legislature and Governor review and approve new UC, CSU, and CCC campuses or centers is through the budget process.
- Typically, the segments' initial requests for funding are for planning costs, followed by requests for capital outlay and start-up funding.
- In some past instances, the Legislature and Governor approved funding prior to CPEC's evaluation. For example, the state budget provided planning funding for UC Merced starting in 1997-98, even though CPEC did not approve the needs study until June 1999.
- Once a new campus is open, the state budget often includes funds designated specifically for that campus for several years. For instance, the state budget included a separate appropriation for UC Merced for the first seven years of its operations.



### Other Legislative Actions

- The Legislature also may review and approve proposals for new campuses or centers by holding committee hearings and/or passing separate legislation.
- For instance, the Legislature passed Chapter 914, Statutes of 1997 (SB 623, O'Connell), and Chapter 861, Statutes of 1998 (SB 1923, O'Connell), to transfer ownership of a former state mental hospital to CSU for development of the Channel Islands campus and to create a Channel Islands Site Authority, respectively.
- State law also specifies the campuses of CSU (but not UC or CCCs). Over the years, the Legislature has amended this list as it has added new campuses.





## Issues for Legislative Consideration

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### Who Should Conduct State-Level Review?

- The elimination of CPEC in 2011 has left the state without a higher education coordinating agency to review proposals for new campuses and centers.
- AB 1348 (Pérez), currently pending in the Legislature, would create a new agency starting July 1, 2015. This new agency would be tasked with reviewing proposals for new campuses and centers.
- In the absence of a coordinating agency to conduct analyses of proposals for new campuses or centers, the Legislature may need to assume a greater role in assessing such proposals or assign this task to some other body.



### How Should a State-Level Review Process Work?

- Traditionally, proposals for new campuses or centers were generated at the segmental level and then submitted to the state for review and approval.
- A different approach for the Legislature to consider is to have a statewide coordinating agency first identify state priorities. Then, the segments, working with local communities, could be invited to respond with proposals.
- For example, if such an agency were to identify a particular area of the state to increase enrollment, UC, CSU, and CCC could then respond with proposals to expand existing campuses, build new campuses, or increase enrollment through alternate means, such as distance learning.
- Another change for the Legislature to consider is giving the statewide coordinating agency the ability to approve or reject proposals. (To ensure the coordinating agency's action reflects statewide interests, the agency would need a certain degree of independence from the segments.)



## Issues for Legislative Consideration

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### What Criteria Should Be Used?

- The areas evaluated in the past by CPEC are a useful starting point for future evaluations of proposals. For instance, proposals could be evaluated based on enrollment trends, costs, academic programming, and effects on other institutions.
- The review process also could consider including other criteria that take into account the state's recent emphasis on performance in higher education.