

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 26, 2008
POSITION: Oppose

BILL NUMBER: SB 361
AUTHOR: J. Scott
RELATED BILLS: SB 325

BILL SUMMARY: Revise CPEC's Statutory Duties

This bill would delete a number of review and reporting requirements of the California Postsecondary Education Commission (CPEC). Specifically, this bill would delete the requirements that CPEC:

- Periodically review the Student Opportunity and Access Program (CalSOAP), as part of CPEC’s assessment of state student academic development programs – the last formal report on CalSOAP was done in 1996;
- Submit a biennial report regarding the state’s standardized testing – the most recent CPEC report on standardized testing pursuant to the statutory requirement was done in 1990; and
- Submit a biennial report on hate crimes violence data compiled by state higher education institutions, and instead make the reports provided to CPEC by these institutions available on its Internet Web site.

The bill would also state legislative intent that CPEC prioritize its responsibilities to the extent that CPEC cannot perform all of its statutorily required functions with the funding provided in the annual Budget Act, including conducting reviews and making recommendations for new institutions and new academic programs; serving as the designated state educational agency to carry out federal education programs; and carrying out its data management responsibilities under current law and data reporting pursuant to the adoption of an accountability framework in separate legislation. Lastly, the bill would specify which state agencies and legislative committees CPEC would submit its requested reports to, and include legislative intent that noncodified requests for CPEC reports, including those adopted in provisional or supplemental reporting language in the annual Budget Acts prior to 2008, are no longer in effect.

FISCAL SUMMARY

The Department of Finance (Finance) notes that this bill’s removal of the limited reporting requirements from CPEC’s responsibilities would have little or no fiscal impact on the operating budget of CPEC because the deleted reports have not been done for some time. Additionally, we note that future state funding for CPEC is uncertain at this time. The Governor’s Budget proposes a 10 percent unallocated reduction of \$223,000. The Assembly has adopted the Governor’s Budget, while the Senate has proposed a 25 percent reduction of \$557,000, and adopted legislative intent language to phase out CPEC’s General Fund operations by June 30, 2011.

Proposed legislation, Senate Bill 325 (Scott), would establish a highly detailed, conceptual higher education accountability framework to assess the progress of the state’s postsecondary educational system in meeting specified educational and economic goals. If this bill passes, the data collection and reporting requirements of this measure could drive significant new General Fund costs for CPEC to meet needed technology costs and data management responsibilities, as well as the state’s higher education institutions for collecting and reporting new data.

SUMMARY OF CHANGES

The following amendments to this bill since our analysis of the January 7, 2008 version alter our position:

- Delete several of CPEC’s review and reporting requirements that were abolished in the previous version of the bill, and delete one additional report;
- State legislative intent that CPEC prioritize its responsibilities to the extent that funding is insufficient to perform all its statutory functions;
- Specify the legislative committees and state agencies that CPEC would submit their reports to, and declare that the reports may be submitted in PDF or comparable electronic format; and

Analyst/Principal (0384) S. Swan	Date	Program Budget Manager Jeannie Oropeza	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)
AUTHOR **AMENDMENT DATE**

Form DF-43
BILL NUMBER

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SB 361

- Include legislative intent language that noncodified requests for reports from CPEC adopted before 2008, including those adopted in provisional or supplemental reporting language in the annual Budget Acts prior to 2008, shall no longer be in effect.

COMMENTS

Finance has changed its position on this bill from “Neutral, Note Concerns” to “Oppose” for the following reasons:

- This bill is premature in light of the Senate’s action to phase out CPEC’s General Fund operations. While the bill would delete lower priority reporting requirements, it is not appropriate to statutorily prioritize CPEC’s functions in advance of the final outcome of the budgetary intent to phase this agency out. It would be more appropriate to specify annual priorities in the budget bill.
- Further, the bill’s prioritization of data reporting responsibilities, pursuant to the potential adoption of a highly detailed higher education accountability framework as proposed in SB 325, could create a significant General Fund cost pressure to provide significant additional support to CPEC for its technology costs and data management responsibilities.

While CPEC is the designated state agency for higher education responsible for carrying out federal education programs, the provisions of the federal statute requiring such a state agency were repealed in 1980. Finance notes CPEC’s federal responsibilities are currently limited to administering the Improving Teacher Quality grants program, which receives federal funding under Title II of the No Child Left Behind Act. This function could be delegated to another state agency under current federal law by executive branch action.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code	
	LA	(Dollars in Thousands)								
	CO	PROP	2007-2008		2008-2009		2009-2010			
	RV	98	FC	FC	FC	FC				
6420/CPEC	SO	No	----- No/Minor Fiscal Impact -----							0001