

**ACADEMIC SENATE
OF
THE CALIFORNIA STATE UNIVERSITY**

AS-3066-12/FGA
March 15-16, 2012

Opposition to AB 970 (Fong) – Systemwide Fees

RESOLVED: That the Academic Senate of the California State University (ASCSU) oppose Assembly bill 970 (Fong).

RESOLVED: That this resolution be distributed to the Board of Trustees of the California State University, Assembly Higher Education Committee, and Campus Senate Chairs.

RATIONALE: This bill would establish the Working Families Student Fee Transparency and Accountability Act. It would mandate the following for the CSU.

- 1. Mandatory system fees could only be referenced to as “systemwide fees” or “fees” and not as “tuition.”*
- 2. Systemwide mandatory fees for residents could not be increased until 6 months after the increases were approved.*
- 3. That 1/3 of mandatory systemwide fee increases would be designated for student financial aid.*
- 4. That the CSU would provide an annual report on expenditures and financial aid to the Legislature.*

The legislation should not be supported for the following associated reasons.

- 1. Labeling systemwide charges as fees incurs several problems. Certain students, particularly veterans, may be disadvantaged in their attempts to receive financial aid to which they are entitled because of this terminology restriction. Additionally, these types of charges described as tuition by every other state. Transparency, one of the goals of the bill, would in fact be enhanced by referring to those charges as tuition.*
- 2. The CSU has been subjected to numerous severe budget cuts in recent years. While the CSU successfully manages to deliver excellent educational opportunities at a relatively low price, the system must be able to adjust its tuition to offset state budget cuts. The mandated delay would prohibit the system from obtaining necessary revenues as soon as possible, thereby jeopardizing both access and quality to the institution. Flexibility in setting fees is critical, especially when state allocations to the CSU budget are often not determined until well after admissions planning needs to take place and commitments to students are made. The CSU has a strong commitment to early notification for students and parents. However, decisions on access are made based upon revenue projections. If those projections are inaccurate, adjustments must be made to ensure spots for all eligible students admitted.*
- 3. While the CSU has a strong commitment to affordability and has adopted an informal “1/3 set aside” for fee increases, flexibility must be*

maintained in allocating student fees to best serve our students. For example, we have departed from the 1/3 formula in the allocation of the business graduate student fee. Such flexibility may be increasingly important as support from the state becomes increasingly uncertain.

Approved – March 15-16, 2012

BILL NUMBER: AB 970 AMENDED
BILL TEXT

AMENDED IN ASSEMBLY JANUARY 26, 2012
AMENDED IN ASSEMBLY JUNE 3, 2011
AMENDED IN ASSEMBLY JUNE 1, 2011
AMENDED IN ASSEMBLY MAY 27, 2011

INTRODUCED BY Assembly ~~Member~~ ~~Fong~~
 Members Fong and Block
 (*Principal coauthor: Assembly Member*
 John A. Pérez)
 (*Coauthors: Assembly Members*
 Brownley, Galgiani, and Portantino
)

FEBRUARY 18, 2011

An act to add Article 3.7 (commencing with Section 66028) to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 970, as amended, Fong. University of California and California State University: systemwide student fees: student financial aid report.

(1) Existing law, known as the Donahoe Higher Education Act, sets forth the missions and functions of the segments of public postsecondary education in the state. The California State University, which is governed by the Trustees of the California State University (trustees), and the University of California, which is governed by the Regents of the University of California (regents), are 2 of the segments of public postsecondary education. The provisions of the Donahoe Higher Education Act apply to the University of California only to the extent that the regents act by resolution to make them applicable.

Under existing law, the California State University and the University of California are authorized to charge fees to students attending their respective institutions.

This bill would establish the Working Families Student Fee Transparency and Accountability Act as a part of the Donahoe Higher Education Act, and would establish various policies relating to student fees and student financial aid at the University of California and the California State University.

The bill would require any mandatory systemwide fees charged to resident students at the California State University and the University of California to be known, and referred to, as "systemwide fees" or "fees," and would provide that these fees shall not be known or referred to as "tuition." The bill would require references to those fees in any policies, rules, or regulations of the California State University and the University of California to be consistent with the requirement that the fees be known and referred to as "fees" and not ~~"tuition."~~ "tuition," and would require corrections to be made when the policy,

rule, or regulation is updated or reprinted.

The bill would prohibit any increase in the mandatory systemwide fees charged to resident students enrolled in the University of California or the California State University from being effective before 6 months have elapsed after the date on which the fee increase is adopted. The bill would require the regents and the trustees to comply with prescribed public notice and student consultation procedures prior to adopting an increase in mandatory systemwide fees charged to resident students enrolled in their respective segments. The bill would require the regents and the trustees, by April 2, ~~2012~~ 2013, to develop methodologies for the adjustment of fees in accordance with a prescribed procedure. The bill would require 33% of revenues of *an increase to existing* mandatory systemwide student fees to be reserved for student financial support, as specified.

The bill, commencing with the ~~2011-12~~ 2012-13 academic year, would require the trustees and the regents to provide *annual* reports on expenditures and financial aid to the Legislature, and *would require* the Legislative Analyst's Office to annually review and report to the Legislature its findings, conclusions, or recommendations regarding the implementation of policies implemented pursuant to the bill.

Because the provisions of the bill would be added to the Donahoe Higher Education Act, they would apply to the University of California only to the extent that the regents act by resolution to make them applicable.

(2) Existing law establishes various student financial aid programs under the administration of the Student Aid Commission, and establishes eligibility requirements for the receipt of awards under those programs for participating students attending qualifying institutions.

This bill would require the commission, no later than July 31, ~~2012~~ 2013, to provide a report to the Legislature that details the policies and interactions between various state and federal financial aid programs, including the interaction between systemwide and campus-based student fees, institutional financial aid at the University of California and the California State University, Cal Grants, and federal financial aid programs.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) The California 1960 Master Plan for Higher Education declared that a tuition-free higher education is in the best interest of the state and should be continued for all California residents.

(b) The state has long recognized the value of providing broad access to postsecondary education to the state's diverse residents and the state remains committed to ensuring affordability and access at the state's public colleges and universities.

(c) The state's working families who have children planning to attend the state's public colleges and universities, or have children currently attending the state's public colleges and universities,

have endured consistent and skyrocketing increases in mandatory systemwide student fees.

(d) A report by the California Postsecondary Education Commission, published in 2011 and entitled "College Costs and Family Income: The Affordability Issue at the UC and the CSU," detailed that rising costs are putting an education at California's public universities out of reach for many Californians, and that incomes have not kept pace with these rising costs, particularly for lower and middle-income families who have seen little income growth in recent years.

(e) Between 1990 and 2009, costs for a University of California student living on campus rose by 70 percent. Costs for a California State University student living with his or her family rose by over 80 percent. In this period, median family income in California grew by only 16 percent.

(f) With rising costs, and flat or falling incomes, supporting a student is taking an increasing percentage of Californians' incomes. In 2000, the cost of attendance for a University of California student living on campus was 25 percent of median family income in California. By 2009, this cost grew to 39 percent of median family income. Costs at California State University also grew relative to incomes, from 19 percent of median family income in 2000 to 29 percent of median family income in 2009.

(g) In 2009, the total cost of attendance for a student living on campus at the University of California was \$27,100, an increase of 18 percent from three years earlier. Costs at the California State University increased by 23 percent, to \$20,100, during that period.

(h) Even with grants and fee waivers, the net cost of a year of attendance at a University of California or a California State University campus is one-third of annual income for a lower income family. Net costs for middle-income families are about one-quarter of annual income.

(i) More and more students have to work longer hours and increase their debt burden during a particularly challenging economy and, as fees and other costs increase, the work and loan burden on students is increasing at a faster rate than grant aid.

(j) Increased costs can hinder a student's progress toward a degree, forcing students to cut their class load to work more hours, leave for semesters at a time, or drop out of school entirely.

(k) According to the "Student Expenses and Resources Survey" conducted by the Student Aid Commission during the 2006-07 academic year, approximately 74 percent of all undergraduate students in the California State University system worked for pay for an average of 24 hours per week. Fifty-one percent of these students reported working over 20 hours per week on average. In the University of California system, approximately 54 percent of all undergraduate students worked for pay for an average of 17 hours per week, and 23 percent of these students reported working over 20 hours per week on average.

(l) The Institute for College Access and Success, in its report "Student Debt and the Class of 2009," showed that average debt accumulation for California students at public universities has risen by 18 percent since 2005. In California, the average student debt for students who completed a bachelor's degree was \$17,326, and national data show that some of the lowest income students who generally have family incomes under \$50,000 are much more likely to borrow, and borrow more than their higher income peers, impacting job

opportunities and choices after graduation.

(m) The Regents of the University of California have raised mandatory systemwide student fees by 68 percent since the 2007-08 academic year, and over 200 percent in the past decade. The Trustees of the California State University have raised mandatory systemwide student fees by 76 percent since the 2007-08 academic year, and over 242 percent in the past decade.

(n) The state does not have a proper accounting of the total costs of educating students at either the University of California or the California State University, or the actual uses of student fee revenues, and it is critical for the state's public colleges and universities to demonstrate transparency and accountability to the general public.

(o) The state, in partnership with the state's colleges and universities, is committed to ensuring that all financially needy students have the financial assistance necessary for them to enroll in institutions of higher education and complete their postsecondary education objectives.

(p) The principles expressed in this act seek to continue the state's historic commitment to ensuring access to the state's public universities for all Californians by ensuring sufficient notification to the general public, students, and the state's working families of any increases in student fees, proper consultation with students, and accountability and transparency with respect to student fee revenue.

(q) Changes in resident student fees or in student financial aid funding or packaging policies should take into consideration the total cost to the student of attending the university, including mandatory campus-based student fees, housing and living expenses, as well as all other expenses associated with university attendance.

(r) Any increases in mandatory systemwide fees should be accompanied by appropriate increases in funding for need-based student financial aid.

SEC. 2. (a) It is the intent of the Legislature that financially needy students be able to access public colleges and universities.

(b) No later than July 31, ~~2012~~ 2013, the Student Aid Commission shall provide a report to the Legislature that details the policies and interactions between the various state and federal financial aid programs, including the interaction between systemwide and campus-based student fees, institutional financial aid at the University of California and the California State University, Cal Grants, and federal financial aid programs. The Trustees of the California State University shall, and the Regents of the University of California are requested to, cooperate with the Student Aid Commission and provide any information and data, including institutional financial aid information and data, requested by the commission for purposes of this section.

(c) A report submitted pursuant to subdivision (b) shall be submitted in compliance with Section 9795 of the Government Code.

(d) This section is repealed on January 1, ~~2016~~ 2017, pursuant to Section 10231.5 of the Government Code.

SEC. 3. Article 3.7 (commencing with Section 66028) is added to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education Code, to read:

Article 3.7. Working Families Student Fee Transparency and

Accountability Act

66028. This article shall be known, and may be cited, as the Working Families Student Fee Transparency and Accountability Act.

66028.1. For purposes of this article, the following terms have the following meanings:

(a) "Campus-based fees" means the fees that are imposed on students at individual campuses of the University of California or the California State University, that must be paid by all registered students to whom the fees apply. "Campus-based fees" include fees to fund: (1) student-related services and programs, including, but not limited to, referenda-based student health insurance programs; (2) construction and renovation of student buildings and other facilities such as student centers and recreation facilities; and (3) authorized student governments, registered campus organizations, and student government-related and registered campus organization-related programs, events, and other activities.

(b) "Mandatory systemwide fees" means the fees that resident students enrolled in the California State University or the University of California, as applicable, are required to pay in order to enroll in courses for the academic term pursuant to any law or any policy adopted by the trustees or the regents, as applicable.

(c) "Regents" means the Regents of the University of California.

(d) "Resident" means a student who is exempt from paying nonresident tuition pursuant to Chapter 1 (commencing with Section 68000) of Part 41.

(e) "Trustees" means the Trustees of the California State University.

66028.2. The following state policies apply to student financial aid for, and mandatory systemwide fees charged to, resident students enrolled at the University of California and the California State University:

(a) As any changes in resident student fees and financial aid resources are considered, the state should have an understanding of the impact that these changes will have on both current and prospective students. Any negative impact on financially needy students shall be mitigated.

(b) Students should be consulted before increases on student fees are proposed, so that students can provide input and ask questions regarding the need for any increases in fees.

(c) Adequate advance notice should be provided to students regarding any future student fees, thereby allowing the students and their families greater time to prepare for the fees to be assessed.

(d) In order to ensure that access is not precluded for any eligible student, and particularly for financially needy students, all current and prospective students should be provided with timely information concerning student financial aid, including the processes associated with applying for and obtaining student financial assistance.

(e) To ensure that financially needy students are provided with assistance in managing the total cost of their university attendance, financial aid programs, including institutional aid, should be aligned with the distinct financial needs of the respective segment's student populations and student fee levels.

(f) In order for the general public to maintain confidence in the state's public colleges and universities, every effort should be made

to ensure increased transparency ~~on~~ in the uses of any student fee revenue and the rationale for making any student fee increases.

66028.3. (a) Any mandatory systemwide fees charged to resident students at the California State University and the University of California shall be known, and shall be referred to, as "systemwide fees" or "fees" and shall not be known or referred to as "tuition."

(b) All references to mandatory systemwide fees charged to resident students by the California State University and the University of California, including references in any policies, rules, or regulations of those institutions, shall be consistent with subdivision (a).

(c) In order to comply with the requirements of this section, references in any policy, rule, or regulation of the California State University and the University of California to "tuition" shall be corrected when the policy, rule, or regulation is updated or reprinted.

66028.4. Any increase in the mandatory systemwide fees charged to resident students enrolled in the University of California or the California State University shall not be proposed by the trustees or the regents, unless, at least 90 days prior to providing public notice of a proposed increase in mandatory systemwide fees pursuant to subdivision (a) of Section 66028.5, the respective governing board consults with appropriate student representatives from the statewide student body organization representing the students at its respective segment.

66028.5. (a) Prior to adopting any increase in mandatory systemwide fees charged to resident students, the regents or the trustees, as applicable, shall provide public notice of the proposed increase in a noticed public agenda for a meeting of the respective governing board. The public notice of the proposed student fee increase shall, at a minimum, include all of the following:

(1) A justification for the fee increase setting forth facts supporting the fee increase.

(2) A thorough analysis of impacts on access, persistence, and graduation of historically underrepresented students and low- to middle-income students, with a detailed description of measures to mitigate the impacts of the proposed increase in fees.

(3) A statement specifying the purposes for which any revenues derived from an increase in fees will be used.

(b) The regents or the trustees shall not adopt any increase in mandatory systemwide fees charged to resident students until at least 60 days have passed after providing public notice of the proposed fee increase pursuant to subdivision (a). During the 60-day period, the regents or the trustees, as applicable, shall encourage, solicit, and receive public comments on the proposed increase in fees. The comments, with appropriate responses to each of the comments, shall be made available to the public at least 10 days prior to the meeting at which the regents or the trustees propose to adopt the increase in fees.

(c) Any increase in the mandatory systemwide fees charged to resident students enrolled at the University of California or the California State University shall not become effective until at least six months have elapsed after the date on which the fee increase is adopted.

(d) Following the adoption of an increase in mandatory systemwide fees in accordance with this section, the respective segment shall

notify students of the student fees to be assessed in the upcoming academic year. In addition, the respective segment shall simultaneously inform students about the availability of student financial aid and the procedures for obtaining that aid in order to assist students with meeting the increased costs of attendance.

66028.6. (a) On or before April 2, ~~2012~~ 2013, the regents and the trustees each shall develop a transparent methodology for adjusting mandatory systemwide resident student fees consistent with the policies set forth in this article. The methodology, at a minimum, shall consider impacts on access, persistence, and graduation for historically underrepresented students and low- to middle-income students, and shall require the identification of measures to mitigate impacts on those student populations.

(b) The methodologies, and any subsequent amendments to those methodologies, shall be developed in consultation with appropriate student representatives from statewide student body organizations and shall be formally adopted by the regents or the trustees in an open and public meeting.

(c) The annual budgets of the respective segments shall be drafted on the basis that changes in fees are in accordance with the methodology developed pursuant to this section and shall specify the purposes for which any revenues derived from an increase in mandatory systemwide fees will be used.

(d) Nothing in this section shall be construed to exempt any increase in mandatory systemwide fees from the requirements of Sections 66028.4 and 66028.5.

66028.7. (a) At least 33 percent of the revenues of an increase to *existing* mandatory systemwide fees charged to ~~any~~ resident students shall be set aside by the regents or the trustees, as applicable, for institutional student aid to assist students and families in meeting the total cost of education.

(b) The regents and trustees shall report their compliance with this section in their respective annual reports on institutional financial aid pursuant to Section 66021.1.

66028.9. (a) Notwithstanding Section 10231.5 of the Government Code, commencing with the ~~2011-12~~ 2012-13

academic year, the regents and the trustees shall annually provide the Legislature, by February 1 of each year, with detailed information regarding expenditures of revenues derived from student fees and uses of institutional financial aid, and shall provide information regarding the total cost of education per student, categorized specifically by undergraduate and graduate education costs, including fixed costs, variable costs, administrative costs, instructional costs, and student services costs. For purposes of meeting the requirements of this section, the regents and the trustees may include this information in their respective annual report on institutional financial aid pursuant to Section 66021.1.

(b) Notwithstanding Section 10231.5 of the Government Code, commencing with the ~~2011-12~~ 2012-13 academic year, the Legislative Analyst's Office shall annually review, by March 1 of each year, institutional compliance with the policies set forth in this article, and report, in writing, to the Legislature its findings, conclusions, or recommendations regarding the implementation of these policies. This report shall include an assessment of the information provided by the regents and the

trustees pursuant to subdivision (a).

(c) A report submitted pursuant to this section shall be submitted in compliance with Section 9795 of the Government Code.