

Introduced by Senator LiuFebruary 18, 2010

An act to add Article 3.5 (commencing with Section 66027) to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education Code, relating to public postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

SB 1199, as introduced, Liu. Public postsecondary education: mandatory systemwide resident student fee policy.

Existing law, known as the Donahoe Higher Education Act, provides for a public postsecondary education system in this state. This system consists of the University of California, the California State University, and the California Community Colleges. Existing law authorizes these institutions to require that mandatory systemwide fees, among other fees, be paid by students at these institutions. The provisions of the Donahoe Higher Education Act apply to the University of California only to the extent that the Regents of the University of California act by resolution to make them applicable.

This bill would add provisions to the act to express legislative findings and intent with respect to the process of setting student fee levels. The bill would provide that the Regents of the University of California and the Trustees of the California State University bear the primary responsibility for adjusting mandatory systemwide resident student fees at their respective systems. The bill would also add provisions to the act to require these universities to develop methodologies for the adjustment of fees in accordance with a prescribed procedure.

The bill would require the California Postsecondary Education Commission to annually review, and report to the Legislature and the

Director of Finance about, the policies and procedures adopted pursuant to the bill.

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

The people of the State of California do enact as follows:

1 SECTION 1. Article 3.5 (commencing with Section 66027) is
2 added to Chapter 2 of Part 40 of Division 5 of Title 3 of the
3 Education Code, to read:

4
5 Article 3.5. Student Fee Policy
6

7 66027. The Legislature finds and declares all of the following:

8 (a) The state has long recognized the value of providing broad
9 access to postsecondary education to the state’s citizens. It has
10 demonstrated that commitment by investing in postsecondary
11 education and maintaining public student fee levels that are fiscally
12 responsible and affordable. The student fee principles expressed
13 in this section seek to continue the state’s historic commitment to
14 ensuring access and maintaining quality throughout the state’s
15 public universities while recognizing the fiscal challenges that
16 confront both the state and postsecondary education.

17 (b) Historically, the state has borne the preponderance of
18 responsibility for providing the fiscal resources necessary to ensure
19 that all eligible state residents have access to high-quality
20 educational opportunities at the state’s public colleges and
21 universities. Further, the state bears the principal and overarching
22 responsibility for ensuring that all financially needy students have
23 the financial assistance necessary for them to enroll in institutions
24 of higher education and complete their postsecondary education
25 objectives.

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

31 (d) Any necessary increases in mandatory systemwide fees
32 should be accompanied by appropriate increases in funding for
33 need-based student financial aid.

1 66027.1. The following state policies regarding mandatory
2 systemwide resident fees and financial aid are established for
3 students enrolled in the state’s public universities:

4 (a) The total cost of a public postsecondary education should
5 be a shared responsibility of students, families, and the State of
6 California. However, in order to keep resident undergraduate
7 student fees at the state’s public universities as low and affordable
8 as possible, the state shall bear the preponderance of responsibility
9 for funding postsecondary education.

10 (b) So that students and their families can better prepare
11 financially for college expenses, any changes in resident student
12 fees should be gradual, moderate, and predictable. Any potential
13 adjustments in resident student fees should take into consideration,
14 and be balanced with, available state General Fund revenues to
15 ensure that the access, quality, and affordability of the state’s public
16 universities are not adversely affected.

17 (c) Changes in resident student fees should take into
18 consideration a number of factors, including the total cost of
19 educating a student, the appropriate share of the cost of instruction
20 to be paid by the student, and information concerning families’
21 ability to pay. Student financial aid policy and programs should
22 ensure affordability for students from all income levels.
23 Recognition of these indicators will better ensure that changes in
24 resident student fees are gradual and moderate.

25 (d) As changes in resident student fees and financial aid
26 resources are considered, the state should have an understanding
27 of the impact that these changes will have on both current and
28 prospective students. Efforts should be employed to mitigate any
29 negative impact on financially needy students.

30 (e) To the extent that budget decisions are made in a timely
31 manner, adequate advance notice should be provided to students
32 regarding future student fees, thereby allowing them and their
33 families greater time to prepare for the fees to be assessed.

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

39 (g) Students enrolled in graduate and professional programs
40 that provide the prospect of significant personal economic returns

1 may be subject to higher student fees. The regents and the trustees
2 should provide a rationale for any differential student fees to be
3 levied upon any cohort of graduate or professional school students.

4 (h) Student fee and financial aid policies should encourage and
5 promote a student's timely completion of the requirements
6 necessary for degree attainment.

7 (i) To ensure that financially needy students are provided with
8 assistance in managing the total cost of their university attendance,
9 financial aid programs, including institutional aid, should be
10 aligned with the distinct financial needs of the systems' student
11 populations and student fee levels.

12 (j) Revenues derived from student fees should remain within
13 the respective university system's budget in order to provide
14 benefits to the students enrolled within the system. When the
15 system initially adopts the fee methodology pursuant to Section
16 66027.2, the system shall present this methodology to the
17 appropriate legislative fiscal and policy committees for review and
18 discussion by those legislative committees.

19 (k) It is the intent of the Legislature that all of the following
20 occur:

21 (1) Undergraduate students attending the University of
22 California should pay student fees that equal approximately ____
23 percent of the overall cost of instruction at that university.

24 (2) Undergraduate students attending the California State
25 University should pay student fees that equal approximately ____
26 percent of the overall cost of instruction at that university.

27 (3) Undergraduate student fees should not be increased by more
28 than ____ percent in any academic year.

29 (4) After student fees reach the level identified in paragraphs
30 (1) and (2), the student fee amount should be adjusted annually by
31 the annual adjustments in the Consumer Price Index.

32 66027.2. (a) The Regents of the University of California and
33 the Trustees of the California State University shall bear the
34 primary responsibility for adjusting mandatory systemwide resident
35 student fees at their respective systems.

36 (b) To carry out the responsibilities of this section, the regents
37 and the trustees shall each develop a rational and transparent
38 methodology for adjusting mandatory systemwide resident student
39 fees consistent with the student fee policy principles set forth in
40 Section 66027.1. These methodologies shall be developed in

1 consultation with appropriate student representatives through
2 student fee advisory committees and, once developed, shall be
3 formally adopted by the regents and the trustees, respectively, in
4 open public meetings. The annual budgets of the segments shall
5 be drafted on the basis that fees will change in accordance with
6 the methodology established under this section.

7 (c) In adopting a methodology, each system shall take into
8 consideration the impact that the methodology and its resulting
9 outcome will have on students and the quality of the system. At a
10 minimum, each system shall pay careful attention to the impact
11 that the proposed methodology has on financially needy and
12 underrepresented students, average time to degree completion, and
13 the total cost to the student of obtaining a degree. To the extent
14 that either system recognizes that the proposed methodology will
15 have a negative impact, the system shall include a plan for
16 mitigating that impact. Each system shall annually report to the
17 Governor, the Legislature, and the California Postsecondary
18 Education Commission concerning its analysis of the impact
19 associated with implementation of its student fee methodology.

20 (d) (1) Employing the methodologies adopted under this section,
21 the regents and the trustees shall annually propose an adjustment
22 in the level of their respective mandatory systemwide resident
23 student fees. The regents and trustees shall not assume that state
24 General Fund resources will be made available to backfill for any
25 proposed changes in student fee levels.

26 (2) The proposed adjustments in student fees shall be discussed
27 and acted upon by each system's governing body in an open public
28 meeting. Consistent with the state's open meeting law provisions,
29 each system's governing body shall provide an opportunity for
30 interested constituents to comment on the proposed changes in
31 student fees.

32 (e) The regents and the trustees shall discuss, and act upon, any
33 proposed changes in student fees by no later than each November
34 30 in order for those fees to take effect the academic term
35 commencing after July 1 of the following calendar year. Following
36 the governing body's action, each system shall employ appropriate
37 procedures to notify students of the proposed changes in student
38 fees. The Legislature finds and declares that this advance
39 notification will enable students and their families to better plan
40 financially.

1 (f) The Legislature finds and declares both of the following:

2 (1) The Governor and the Legislature should recognize the
3 responsibility assigned to the segments under this article, and allow
4 student fees to increase or decrease in a manner consistent with
5 the respective methodologies adopted by the regents and the
6 trustees.

7 (2) To the extent that the Governor or the Legislature identify
8 additional state General Fund resources to provide to higher
9 education, each is encouraged to examine the overall fiscal needs
10 of the state's public colleges and universities and provide state
11 revenues to assist the universities in meeting their ongoing
12 operational needs, rather than using limited state revenues to
13 backfill for proposed changes in fee levels.

14 (g) If, following enactment of the annual Budget Act, because
15 of budgetary restrictions or requirements, the level of student fees
16 to be assessed in the upcoming academic year differs from that
17 previously approved by the regents or the trustees, the affected
18 governing body shall meet in open public session to discuss and
19 act upon the revised level of student fees. This action shall occur
20 in an open public meeting, and provide an opportunity for
21 interested constituents to comment on the proposed change in
22 student fees. The regents and the trustees shall bear the final and
23 ultimate responsibility for determining the student fees to be
24 assessed.

25 (h) Following the final action of its governing body, each system
26 shall employ appropriate procedures to notify students of the
27 student fees to be assessed in the upcoming academic year. In
28 addition, each system shall simultaneously provide students with
29 information concerning the availability of student financial aid
30 and the procedures for obtaining that aid in order to assist students
31 with meeting the increased costs of university attendance.

32 (i) (1) A system shall report to the appropriate legislative fiscal
33 and policy committees by November 30 in any fiscal year in which
34 any of the following situations occur:

35 (A) The system makes any change to the student fee
36 methodology it adopts under this section.

37 (B) The system proposes any changes in its student financial
38 aid policies or student financial aid funding levels.

39 (C) The proposed student fee or student financial aid policies
40 are deemed by the appropriate governing body to have a possible

1 negative impact on disadvantaged or financially needy students
2 of that system.

3 (2) It is the intent of the Legislature that both of the following
4 occur:

5 (A) The systems shall maintain comprehensive outreach efforts
6 to inform students and their families about fee levels and
7 opportunities for student financial aid.

8 (B) Assistance for nontraditional and low-income students shall
9 be a priority for the systems' outreach efforts.

10 (j) As used in this article:

11 (1) "Governing body" refers to the regents or the trustees, as
12 appropriate.

13 (2) "Student fee" refers to mandatory systemwide resident
14 student fees.

15 (3) "System" refers to the University of California or the
16 California State University, as appropriate.

17 66027.3. Each year, prior to March 1, the California
18 Postsecondary Education Commission shall review institutional
19 compliance with the policies set forth in this article, and report, in
20 writing, to the Legislature and the Director of Finance any findings,
21 conclusions, or recommendations of the commission regarding the
22 implementation of these policies.