

AMENDED IN ASSEMBLY JUNE 3, 2011

AMENDED IN ASSEMBLY JUNE 1, 2011

AMENDED IN ASSEMBLY MAY 27, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 970

Introduced by Assembly Member Fong

February 18, 2011

~~An act to add Section 66025.1 to the Education Code, relating to postsecondary education.~~ *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. ~~Systemwide~~ *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 of the University of California~~ *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 ~~add a provision to establish the Working Families Student Fee Transparency and Accountability Act as a part of the Donahoe Higher Education Act requiring, 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.”

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, to develop methodologies for the adjustment of fees in accordance with a prescribed procedure. The bill would require 33% of revenues of mandatory systemwide student fees to be reserved for student financial support, as specified.

The bill, commencing with the 2011–12 academic year, would require the trustees and the regents to provide reports on expenditures and financial aid to the Legislature, and 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, 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:

- 1 *SECTION 1. The Legislature finds and declares all of the*
2 *following:*
3 *(a) The California 1960 Master Plan for Higher Education*
4 *declared that a tuition-free higher education is in the best interest*
5 *of the state and should be continued for all California residents.*
6 *(b) The state has long recognized the value of providing broad*
7 *access to postsecondary education to the state's diverse residents*
8 *and the state remains committed to ensuring affordability and*
9 *access at the state's public colleges and universities.*
10 *(c) The state's working families who have children planning to*
11 *attend the state's public colleges and universities, or have children*
12 *currently attending the state's public colleges and universities,*
13 *have endured consistent and skyrocketing increases in mandatory*
14 *systemwide student fees.*
15 *(d) A report by the California Postsecondary Education*
16 *Commission, published in 2011 and entitled "College Costs and*
17 *Family Income: The Affordability Issue at the UC and the CSU,"*
18 *detailed that rising costs are putting an education at California's*
19 *public universities out of reach for many Californians, and that*
20 *incomes have not kept pace with these rising costs, particularly*
21 *for lower and middle-income families who have seen little income*
22 *growth in recent years.*
23 *(e) Between 1990 and 2009, costs for a University of California*
24 *student living on campus rose by 70 percent. Costs for a California*
25 *State University student living with his or her family rose by over*

1 80 percent. In this period, median family income in California
2 grew by only 16 percent.

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

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

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

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

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

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

38 (l) The Institute for College Access and Success, in its report
39 "Student Debt and the Class of 2009," showed that average debt
40 accumulation for California students at public universities has

1 risen by 18 percent since 2005. In California, the average student
2 debt for students who completed a bachelor's degree was \$17,326,
3 and national data show that some of the lowest income students
4 who generally have family incomes under \$50,000 are much more
5 likely to borrow, and borrow more than their higher income peers,
6 impacting job opportunities and choices after graduation.

7 (m) The Regents of the University of California have raised
8 mandatory systemwide student fees by 68 percent since the
9 2007–08 academic year, and over 200 percent in the past decade.
10 The Trustees of the California State University have raised
11 mandatory systemwide student fees by 76 percent since the
12 2007–08 academic year, and over 242 percent in the past decade.

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

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

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

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

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

1 SECTION 1.

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

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

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

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

21 ~~SEC. 2. Section 66025.1 is added to the Education Code, to~~
22 ~~read:~~

23 ~~66025.1. (a) Any systemwide fees charged to resident students~~
24 ~~at the California State University and the University of California~~
25 ~~shall be known, and shall be referred to, as “systemwide fees” or~~
26 ~~“fees” and shall not be known or referred to as “tuition.”~~

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

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

34
35 *Article 3.7. Working Families Student Fee Transparency and*
36 *Accountability Act*
37

38 *66028. This article shall be known, and may be cited, as the*
39 *Working Families Student Fee Transparency and Accountability*
40 *Act.*

1 66028.1. For purposes of this article, the following terms have
2 the following meanings:

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

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

20 (c) “Regents” means the Regents of the University of California.

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

24 (e) “Trustees” means the Trustees of the California State
25 University.

26 66028.2. The following state policies apply to student financial
27 aid for, and mandatory systemwide fees charged to, resident
28 students enrolled at the University of California and the California
29 State University:

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

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

38 (c) Adequate advance notice should be provided to students
39 regarding any future student fees, thereby allowing the students

1 *and their families greater time to prepare for the fees to be*
2 *assessed.*

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

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

14 *(f) In order for the general public to maintain confidence in the*
15 *state's public colleges and universities, every effort should be*
16 *made to ensure increased transparency on the uses of any student*
17 *fee revenue and the rationale for making any student fee increases.*

18 66028.3. *(a) Any mandatory systemwide fees charged to*
19 *resident students at the California State University and the*
20 *University of California shall be known, and shall be referred to,*
21 *as "systemwide fees" or "fees" and shall not be known or referred*
22 *to as "tuition."*

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

28 66028.4. *Any increase in the mandatory systemwide fees*
29 *charged to resident students enrolled in the University of California*
30 *or the California State University shall not be proposed by the*
31 *trustees or the regents, unless, at least 90 days prior to providing*
32 *public notice of a proposed increase in mandatory systemwide*
33 *fees pursuant to subdivision (a) of Section 66028.5, the respective*
34 *governing board consults with appropriate student representatives*
35 *from the statewide student body organization representing the*
36 *students at its respective segment.*

37 66028.5. *(a) Prior to adopting any increase in mandatory*
38 *systemwide fees charged to resident students, the regents or the*
39 *trustees, as applicable, shall provide public notice of the proposed*
40 *increase in a noticed public agenda for a meeting of the respective*

1 governing board. The public notice of the proposed student fee
2 increase shall, at a minimum, include all of the following:

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

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

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

11 (b) The regents or the trustees shall not adopt any increase in
12 mandatory systemwide fees charged to resident students until at
13 least 60 days have passed after providing public notice of the
14 proposed fee increase pursuant to subdivision (a). During the
15 60-day period, the regents or the trustees, as applicable, shall
16 encourage, solicit, and receive public comments on the proposed
17 increase in fees. The comments, with appropriate responses to
18 each of the comments, shall be made available to the public at
19 least 10 days prior to the meeting at which the regents or the
20 trustees propose to adopt the increase in fees.

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

26 (d) Following the adoption of an increase in mandatory
27 systemwide fees in accordance with this section, the respective
28 segment shall notify students of the student fees to be assessed in
29 the upcoming academic year. In addition, the respective segment
30 shall simultaneously inform students about the availability of
31 student financial aid and the procedures for obtaining that aid in
32 order to assist students with meeting the increased costs of
33 attendance.

34 66028.6. (a) On or before April 2, 2012, the regents and the
35 trustees each shall develop a transparent methodology for adjusting
36 mandatory systemwide resident student fees consistent with the
37 policies set forth in this article. The methodology, at a minimum,
38 shall consider impacts on access, persistence, and graduation for
39 historically underrepresented students and low- to middle-income

1 students, and shall require the identification of measures to
2 mitigate impacts on those student populations.

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

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

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

16 66028.7. (a) At least 33 percent of the revenues of mandatory
17 systemwide fees charged to any resident students shall be set aside
18 by the regents or the trustees, as applicable, for institutional
19 student aid to assist students and families in meeting the total cost
20 of education.

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

24 66028.9. (a) Notwithstanding Section 10231.5 of the
25 Government Code, commencing with the 2011–12 academic year,
26 the regents and the trustees shall annually provide the Legislature,
27 by February 1 of each year, with detailed information regarding
28 expenditures of revenues derived from student fees and uses of
29 institutional financial aid, and shall provide information regarding
30 the total cost of education per student, categorized specifically by
31 undergraduate and graduate education costs, including fixed costs,
32 variable costs, administrative costs, instructional costs, and student
33 services costs. For purposes of meeting the requirements of this
34 section, the regents and the trustees may include this information
35 in their respective annual report on institutional financial aid
36 pursuant to Section 66021.1.

37 (b) Notwithstanding Section 10231.5 of the Government Code,
38 commencing with the 2011–12 academic year, the Legislative
39 Analyst's Office shall annually review, by March 1 of each year,
40 institutional compliance with the policies set forth in this article,

1 *and report, in writing, to the Legislature its findings, conclusions,*
2 *or recommendations regarding the implementation of these*
3 *policies. This report shall include an assessment of the information*
4 *provided by the regents and the trustees pursuant to subdivision*
5 *(a).*
6 *(c) A report submitted pursuant to this section shall be submitted*
7 *in compliance with Section 9795 of the Government Code.*

O