

Date of Hearing: April 21, 2015

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 1000 (Weber) – As Introduced February 26, 2015

**SUBJECT:** California State University: student success fees

**SUMMARY:** Establishes various requirements for the implementation and rescission of California State University (CSU) student success fees (fees). Specifically, **this bill:**

- 1) Requires a campus of the CSU, or the Chancellor of the CSU, to do all of the following prior to approving new or increasing current fees:
  - a) The campus to undertake a rigorous consultation process to inform students of the uses, impact, and cost of any proposed new or increased fee.
  - b) The campus to inform students that: a student success fee may be rescinded by a majority vote of the students no earlier than six years following the vote to implement the fee; and, any portion of the fee that supports an ongoing or long-term obligation may not be rescinded until after the obligation has been satisfied or 12 years following the vote to implement the fee.
  - c) The campus to hold a binding student election on the fee or increase, and a majority of the student body must vote in favor of the fee.
  - d) Implementation of the fee to be contingent upon approval of the CSU Chancellor.
  - e) Prohibits a fee from being brought before the student body more than once per academic year.
- 2) Provides that a fee in place on January 1, 2016, may be rescinded by a binding student vote under the procedures authorized above only after at least six years has elapsed following the vote to implement the fee.
- 3) Provides that a fee may be rescinded with a binding student vote wherein a simple majority of those students voting vote to rescind the fee, and requires the student vote to comply with all of the following:
  - a) A campus decision to vote must be approved by the recognized student government.
  - b) Rescission vote proposals may not be brought before the student body more frequently than once per academic year.
  - c) In the process of reconsidering a fee, and before the student vote occurs, the students must be informed, if a portion of the fee is supporting ongoing or long-term obligations, the dollar amount of that portion, and the date on which the ongoing or long-term obligation would be satisfied or rescinded.

- 4) Provides that no new contractual or other obligation that would be supported by the rescinded fee may be entered into following a vote to rescind the fee.
- 5) Requires the CSU Chancellor to ensure that all of the following occurs on each campus:
  - a) There is majority student representation in campus fee allocation oversight groups;
  - b) There is annual campus reporting to the chancellor on fees.
  - c) There is uniform, transparent, online accountability in the decision-making process and a detailed accounting of the allocation of fees.
- 6) Requires the CSU chancellor shall report, by December 1 of each year, to the Department of Finance, and the Legislature a summary of the fees adopted or rescinded in the prior academic year, and the uses of proposed and currently implemented fees.
- 7) Defines a “student success fee” to mean a type of category II campus-based mandatory fee that is required to be paid by a student before that student may enroll or attend a campus of the CSU, as determined by that campus or the Chancellor of the CSU.

**EXISTING LAW:**

- 1) Prohibits a campus-based mandatory student fee at the CSU established through a student vote from being reallocated without an affirmative student vote unless a majority of the members of either the student body or a campus fee advisory committee voting on the fee support the reallocation and the fee authorized the alternative allocation mechanism. (Education Code Section 89711)
- 2) Prohibits a CSU campus or CSU Chancellor from approving a student success fee before January 1, 2016, and requires the CSU Chancellor to conduct a review and report on student success fees currently in place, as follows. (Education Code Section 89712)
  - a) Requires, during the 2014-15 fiscal year, the CSU Chancellor to conduct a review of the CSU Student Fee Policy relating to student success fees and recommend to the trustees changes to the fee policy; and requires the review to consider:
    - i) The approval process for student success fees, including the benefit of using a student election or the consultative process in the approval process;
    - ii) The need for statewide policies governing a student election, the consultative process, or both, for approving a proposed student success fee;
    - iii) The means to improve transparency and accountability regarding a campus’ use of student success fee funds for the benefit of members of the campus’ community;
    - iv) The development of an annual report describing the use of student success fee funds by each campus in the prior academic year, to be posted on each campus’ Internet Web site;

- v) The approval of a statewide policy to prohibit a campus from implementing a student success fee for a period exceeding five years unless a continuance of that fee is approved by an affirmative vote of the majority of the student body voting;
  - vi) The impact of student success fees on campuses' academic programs and services available for students, including, but not necessarily limited to, low-income students; and,
  - vii) A provision for financial assistance to offset the cost of the fee for low-income students.
- b) Requires the CSU Chancellor to report to the Department of Finance and the appropriate fiscal and policy committees by February 1, 2015.

**FISCAL EFFECT:** Unknown

**COMMENTS:** *Background.* A number of CSU campuses have adopted student success fees, which, in some cases, substantially increase the cost of attendance at a CSU. Since 2008, 12 of the 23 CSU campuses have adopted such fees. These fees, which were adopted largely in response to significant state funding reductions, are required to be paid by students enrolling in these campuses. Concern over the amount of these fees, the process used for adoption on campuses, and the impact of the fees on low-income students led to the Legislature placing a 18-month moratorium on new fees and establishing CSU reporting requirements in the 2013-14 Budget Act education trailer bill (SB 860, Chapter 34, Statutes of 2014).

In June 2014, the CSU Board of Trustees (BOT) formed a working group to study the role, process and enactment of student success fees. The working group found that fees had been used in a number of ways by the different campuses. At some campuses, fees support technology, campus-wide WiFi, library hours, veteran services, career services, athletics and additional otherwise unfunded services. Some campuses, however, have used these fees to fund educational needs that have traditionally been supported by tuition and state appropriation such as faculty, advisors, counselors and tutors, and to provide more courses.

According to the working group, of the 12 campuses with fees, only two had referendums where a majority of students voted in favor of the fee, and one of those two allowed students to vote only if they attended alternative consultation meetings about the proposal. At a third campus students voted to rejected the proposed fee and the fee was imposed despite the student rejection. At remaining campuses "alternative consultation" meetings were used instead of student votes.

At the January 27-28, 2015, meeting of the CSU Board of Trustees (Trustees), the Trustees adopted a resolution memorializing the final recommendations of the working group. The resolution requires all of the following:

- 1) A binding student vote, where all eligible students are authorized to vote, prior to the implementation of any proposed new student success fee and a rigorous consultation process prior to the vote, students must be informed prior to the vote of their rights to rescind the fee and any limitations surrounding ongoing and/or long-term obligations supported by the fee;

- 2) Student success fees currently in place shall remain unchanged, however a new addition to an existing fee must be approved by a binding student vote and the campus must receive approval from the CSU Chancellor's Office on the process.
- 3) Student success fees accepted by a majority of students voting may not be implemented without the approval of the CSU Chancellor and the campus president. If the proposed uses of the fee were historically covered by tuition and state funding, the Chancellor is required to consult with the Board of Trustees.
- 4) Student success fees may be rescinded at any time after six years with another binding majority student vote, except that student success fees supporting ongoing and long-term obligations may not be rescinded until the obligation is satisfied. Current student success fees may not be rescinded until after January 1, 2021;
- 5) Student success fee implementation and fee rescinding proposals may not be brought before students more than once per academic year; and,
- 6) Each campus is required to have transparent, online accountability protocols that clarify the decision process and allocation of the student success fees, with annual reporting to the Chancellor by October 15<sup>th</sup>;

This bill is largely consistent with the requirements of the CSU BOT resolution, with the exception of the provision regarding long-term and ongoing obligations and the authority to rescind current fees. Committee staff understands that the CSU Chancellor's Office is currently in the process of establishing an Executive Order consistent with the requirements of the resolution. *Once the executive order is finalized, and if it is determined by the author to be consistent with the author's intent, the author may wish to consider amending this bill to require compliance with the executive order rather than establishing the specific requirements in statute.*

*Low-income students.* As previously noted, CSU was required to specifically consider the provision of financial assistance to offset the cost of student success fees for low-income students. According to the CSU Chancellor's Office report, the working group did not recommend policy changes in this area because it was determined that there is sufficient coverage through private, institutional, state, and federal financial aid programs. Like other campus-based mandatory fees, student success fees are included in the cost of attendance. While CSU indicates that most low-income students would have these fees covered via their award package, there is no specific policy providing for the provision of financial assistance for purposes of meeting the costs of student success fees. Committee staff understands that some low-income students cover student success fees with funds that would otherwise be used to support cost of living expenses, for example, the Cal Grant B Access Award. *The author and Committee may wish to consider the impact on a student's ability to cover college "access" costs if they are required to pay the student success fees by financial aid awards intended to fund "access" costs for low-income students.*

*Long-term and ongoing obligations.* As previously outlined, this bill would authorize students to vote to rescind a student success fee, including rescinding the portion of the fee that supports long-term and ongoing obligations after the obligation has been satisfied or 12 years following the vote to implement the fee. As noted, several student success fees currently in place are being used to support ongoing and long-term obligations such as faculty, counselors, and expanded

course offerings. The California State Student Association (CSSA) has requested an amendment to this bill to remove the 12-year limitation on ongoing and long-term obligations. *The author and committee may wish to consider an amendment to remove the 12 year provision and to instead: (1) requiring the CSU Chancellor to establish a clear definition of a long-term and/or ongoing obligation; (2) requiring the CSU Chancellor to create a process to review the possible transition of funding for long-term and ongoing obligations from student success fees to other university sources, if the students have voted to rescind the student success fee; and (3) requiring the CSU Chancellor to establish appropriate procedures to ensure campus compliance.*

*Fees currently in place.* Under the resolution approved by the CSU BOT, student success fees currently in place may not be rescinded until after January 1, 2021. This bill would allow current student success fees to be rescinded after at least six years have passed following the vote to implement the fee. Because not all current fees were implemented through a student vote, committee staff recommends a clarifying amendment to read:

89712 (b). A student success fee in place on January 1, 2016, may be rescinded by a binding student vote under the procedures authorized in subdivision (c) only after at least six years has elapsed following the ~~vote to implement~~ implementation of the fee.

*Related legislation.* AB 42 (Kim), currently pending in this committee, prohibits a student success fee from being imposed on a campus of the CCC, CSU, or UC unless the fee has been approved by a favorable vote of a majority of students within the preceding 48 months; and, defines a student success fee to mean a type of campus-based mandatory fee that must be paid by a student to enroll or attend a campus of the CCC, CSU, or the UC.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

California Federation of Teachers  
California State Student Association

### **Opposition**

California State University

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