

Date of Hearing: April 18, 2017

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 1655 (Grayson) – As Amended April 4, 2017

**SUBJECT:** Public postsecondary education: University of California: biennial report

**SUMMARY:** Modifies the requirements of the University of California's (UC's) biennially report on its costs of education. Specifically, **this bill:**

- 1) States legislative intent that the report is to ensure that the Legislature has accurate information on which to base funding decisions for UC.
- 2) Requires the reported costs to be based on publicly available information.
- 3) Requires the reported costs to be prior year actual expenditures.
- 4) Extends the January 1, 2021 sunset date on the reporting requirement to January 1, 2023.

**EXISTING LAW:**

- 1) Requires to UC to report biennially, by October 1 of each even-numbered year, to the Legislature and the Department of Finance on the total costs of education at UC. (Education Code (EC) Section 92670(a).)
- 2) Requires the report to identify costs of undergraduate education, graduate academic education, graduate professional education, and research activities, and requires these four categories to be reported in total and disaggregated separately by health sciences disciplines, in science, technology, engineering and math (STEM) disciplines, and in all other disciplines. (EC Sect. 92670(b).)
- 3) Requires that costs be reported by fund source, including the state General Fund, systemwide tuition and fees, nonresident tuition and fees and other student fees, and UC General Funds, as specified. (EC Sect. 92670(c).)
- 4) Requires the first two reports, in 2014 and 2016, to be reported on a system systemwide basis, and requires subsequent reports on both a systemwide and on campus-by-campus basis pursuant to methodology developed by the National Associate of College and University Business Officers (NACUBO). (EC Sect. 92670 (d) and (e).)
- 5) Sunsets all of the above on January 1, 2021. (EC Sect. 92670(g).)

**FISCAL EFFECT:** Unknown

**COMMENTS:**

*Background.* AB 94 (Committee on Budget), Chapter 50, Statutes of 2013, required UC to provide biennial reports, as described above, displaying the costs related to undergraduate, graduate and professional school education. (Similar reporting requirements were placed on the California State University.) These reports were intended to allow for a better understanding of

how much the university systems spend on instruction and research, and the difference in educational costs among different disciplines. Pursuant to these requirements, UC has submitted reports in both 2014 and 2016.

In the California State Auditor's (CSA's) March 2016 report on UC, which examined enrollment and financial decisions made by the university, the auditor, made the following finding:

The university's cost study is problematic because the source of the data it uses is not apparent, and it does not tie the costs and funding it reported to readily available and public financial data, such as its audited annual financial report. By contrast, the National Association of College and University Business Officers [NACUBO] developed a cost model for universities to clearly outline the annual costs of education based on either the indirect cost rate study they prepare for the federal government or their audited financial statements, both of which are verified and readily available sources of financial information.

Pursuant to the above, the CSA recommended that, in order to ensure that it has accurate information upon which to make funding decisions, the Legislature should consider requiring UC to base the amounts reported on publicly-available financial information.

*Purpose.* This bill is consistent with the above recommendation.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file.

**Opposition**

None on file.

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