

Date of Hearing: April 9, 2013

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Das Williams, Chair
AB 67 (Olsen, Chavez and Gorell) – As Amended: April 1, 2013

SUBJECT: Public postsecondary education: funding.

SUMMARY: Requires the California State University (CSU) and requests the University of California (UC) to freeze undergraduate tuition and mandatory statewide fees until January 1, 2017, provided specified funding is provided to the institutions. Specifically, this bill:

- 1) Prohibits the CSU Board of Trustees and encourages the UC Board of Regents to refrain from increasing the amounts of undergraduate tuition and mandatory statewide fees for California residents until January 1, 2017.
- 2) Deems this section inoperative unless the following funding is provided to the institutions in the specified annual budget acts:
 - a) 5% increase in 2013-14 above the amount provided in the Budget Act of 2012.
 - b) 5% increase in 2014-15 above the amount provided in the Budget Act of 2013.
 - c) 4% increase in 2015-16 above the amount provided in the Budget Act of 2014.
 - d) 4% increase in 2016-17 above the amount provided in the Budget Act of 2015.
- 3) Includes an urgency clause to allow these provisions to take effect for the 2013-14 academic year.

EXISTING LAW:

- 1) Authorizes the UC Regents and the CSU Trustees to charge various fees and prohibits certain fees from applying to specified categories of students.
- 2) Provides that statutes related to UC (and most other aspects of the governance and operation of UC) are applicable only to the extent that the UC Regents make such provisions applicable. (Education Code § 67400)
- 3) Confers upon the CSU Trustees the powers, duties, and functions with respect to the management, administration, and control of the CSU system. (EC § 66066)
- 4) Establishes the Cal Grant Entitlement Programs to provide grant assistance for fee payment in the UC, CSU and private institutions in California, to the extent that students are financially and academically eligible for such support. (EC § 69530)

FISCAL EFFECT: Unknown

COMMENTS: Background. Fee revenue works interchangeably with General Fund support to fund the core instructional mission of the public segments. The state's portion essentially subsidizes the amount paid by students in the form of fees. Since 2007-08, state support for the UC and CSU has declined significantly. The charts below illustrate the resulting fluctuation in fees at the UC and the CSU over the last several years.

UC Mandatory Systemwide Student Tuition/Fees Resident Undergraduate			CSU Mandatory Systemwide Student Tuition/Fees Resident Undergraduate		
Year	Fee Amount	Percent Change	Year	Fee Amount	Percent Change
2007-08	\$6,636	8.1%	2007-08	\$2,772	10.0%
2008-09	\$7,126	7.4%	2008-09	\$3,048	10.0%
2009-10	\$8,958	25.7%	2009-10	\$4,026	32.1%
2010-11	\$10,302	15.0%	2010-11	\$4,440	10.3%
2011-12	\$12,192	16.0%	2011-12	\$5,472	23.2%
2012-13	\$12,192	0%	2012-13	\$5,472	0%
*2013-14	\$12,192	0%	*2013-14	\$5,472	0%

Governor's proposed budget. With the passage of Proposition 30 in 2012, funding to the institutions should stabilize for the next few years, and the Governor has proposed a multi-year funding plan that assumes no tuition fee increases over the next four years as follows:

- 5% growth for UC and CSU in 2013-14 and 2014-15
- 4% growth for UC and CSU in 2015-16 and 2017-18

*Both segments have indicated that they do not plan to increase mandatory tuition fees for the 2013-14 academic year.

Need for this bill. According to the author, this legislation is necessary to create a predictable fee environment for students attempting to budget for their higher education career. The Governor has pledged funding, which should be enough stability for universities to maintain static tuition until 2017.

LAO analysis. The Legislative Analyst's Office (LAO), in its analysis of the Governor's budget (February 12, 2013), notes that Cal Grants and institutional aid have covered mandatory tuition fee increases for UC students with family incomes below \$110,000 and CSU students with family incomes below \$75,000. LAO also expresses concern that the Governor's proposed fee freeze will benefit current students but create volatility for future students, noting that previous extended tuition freezes have been followed by periods of high annual tuition increases.

Previous legislation. AB 138 (Olsen) and AB 159 (Chavez), which base tuition fees on student cohorts, are pending in this Committee and will not be heard this year. AB 1501 of 2012 (John A. Pérez), which failed passage in the Senate, would have funded the Middle Class Scholarship Program. SB 1461 (Negrete-Mcleod), which died in the Senate Appropriations Committee, would have limited CSU mandatory systemwide fees for resident undergraduate students. In addition, in 2010, five measures were introduced in the Senate affecting UC and CSU fees, and all failed to pass the Legislature.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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