

Date of Hearing: January 7, 2014

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Das Williams, Chair

AB 138 (Olsen) – As Amended: January 6, 2014

SUBJECT: Public postsecondary education: undergraduate tuition and systemwide fees.

SUMMARY: Requires the Trustees of the California State University (CSU) and the Regents of the University of California (UC) to determine the amounts of undergraduate tuition and mandatory systemwide fees for California residents in each incoming first-year class and prohibits the tuition/fees for that class from being increased, other than to make a cost-of-living adjustment not to exceed 2 percent after each academic year, until the class has completed at least four academic years. Prohibits the Trustees and Regents from increasing the amount of tuition/fees for California residents charged to an incoming first-year class by more than 5 percent over the amounts charged to the immediately preceding first-year class.

EXISTING LAW: Provides that statutes related to UC are applicable only to the extent that the Regents make such provisions applicable. Confers upon the CSU Trustees the powers, duties, and functions with respect to the management, administration, and control of the CSU system.

FISCAL EFFECT: Unknown.

COMMENTS: Purpose of this bill: According to the author, since 2008, tuition has increased about 63% in the CSU system. The CSU Trustees have the flexibility to increase tuition annually according to the needs of the CSU. This fluctuation in cost of higher education prohibits certain groups of students from entering into the university system and removes students who find that they can no longer afford college in the middle of their college career. This lack of ability to financially plan for higher education has put a great burden on students and parents as they attempt to maneuver through higher education. This legislation guarantees a stable tuition rate for in-state freshman students at CSU campuses for a period of four years, and will prevent large jumps in tuition from one year to another.

Background: Through 1996, fees at California public postsecondary institutions were governed by the Maddy-Dills Act, which was enacted by the Legislature in 1985 to provide for a statewide fee policy. The Act required fees to be gradual, moderate and predictable; increases to be limited to 10% a year; and fixed at least ten months prior to the fall term in which they were to become effective. The policy also required sufficient financial aid to offset fee increases. Even with this policy, when the state faced serious budgetary challenges the provisions of the Act were set aside in order to provide the institutions some flexibility in dealing with the lack of state General Fund support. In 1996, the Act was allowed to sunset, and since that time, the state has had no statutory long-term policy governing fees.

UC and CSU fees are established each year through the Budget Act negotiations, with complementary actions on the part of the UC Regents and the CSU Trustees to adopt negotiated fee levels. There is an implicit policy whereby students and the State are expected to share educational costs, but the relative proportions are dependent on the State's fiscal situation. As a result, as shown in the tables below, fees have increased steeply during difficult budget years and

then gradually declined when the state's fiscal situation improved and more General Fund support could be provided to the public higher education segments.

UC Mandatory Systemwide Student Fees Resident Undergraduate			CSU Mandatory Systemwide Student Fees Resident Undergraduate		
Year	Fee Amount	Percent Change	Year	Fee Amount	Percent Change
1996-97	\$3,799	N/A	1996-97	\$1,584	N/A
1997-98	\$3,799	0.0%	1997-98	\$1,584	0.0%
1998-99	\$3,609	-5.0%	1998-99	\$1,506	-4.9%
1999-00	\$3,429	-5.0%	1999-00	\$1,428	-5.2%
2000-01	\$3,429	0.0%	2000-01	\$1,428	0.0%
2001-02	\$3,429	0.0%	2001-02	\$1,428	0.0%
2002-03	\$3,834	11.8%	2002-03	\$1,500	5.0%
2003-04	\$4,984	30.0%	2003-04	\$2,046	36.4%
2004-05	\$5,684	14.0%	2004-05	\$2,334	14.1%
2005-06	\$6,141	8.0%	2005-06	\$2,520	8.0%
2006-07	\$6,141	0.0%	2006-07	\$2,520	0.0%
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	\$4,429	10.0%
2011-12	\$12,192	18.3%	2011-12	\$5,472	23.5%
2012-13	\$12,192	0.0%	2012-13	\$5,472	0.0%
2013-14	\$12,192	0.0%	2013-14	\$5,472	0.0%

Tuition and General Fund support. Tuition is a significant revenue source for CSU and UC. If faced with reductions in General Fund support and an inability to increase tuition, UC and CSU might need to reduce enrollments and course offerings, or make other service reductions that would limit access to, or reduce the quality of, these institutions.

***The Committee may wish to consider if it is appropriate to mandate a tuition freeze in years where the state has not provided adequate general fund support to the segments.***

Four-year tuition freeze. Under the provisions of this bill, the segments would be able to increase fees for students who are enrolled after four years—a common occurrence at both institutions: the time-to degree is approximately four years and one quarter at UC and five to six years at CSU. There are many reasons for this, both within and beyond the student's control: timely access to classes, the need to work to support families or reduce the need to borrow, part-time attendance, family and/or economic hardship, and high-unit majors, such as engineering.

***The Committee may wish to consider if this bill unfairly targets students who are unable to graduate in four-years.***

Unclear impact on transfer students. This bill is silent on the fee level that transfer students would be charged.

***The Committee may wish to consider whether transfer students should be entitled to the fee levels they would have paid had they entered as freshmen.***

UC Working Group on Tuition. UC President Napolitano has convened a working group to review and recommend a long-term tuition policy. According to UC, "the working group is tasked with examining options for bringing clarity to, and reducing the volatility in, the tuition setting process." UC has taken a position of "concern" on this bill, noting that "the University is in the best position to collaboratively come up with a new tuition policy without the need for state legislation."

Previous legislation. In 2013, several Assembly bills were introduced that would have limited tuition increases and established long-term fee policies for UC and CSU. Ultimately, the Committee and authors agreed to move forward a single fee policy bill. AB 67 (Olsen, Chavez, Gorell) would have prohibited CSU and UC from increasing undergraduate fees for California residents, until January 1, 2017, so long as specified funding is provided to the segments in the Budget Act. AB 67 was approved by this Committee but subsequently held on suspense in the Assembly Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

None on File

Opposition

None on File

Analysis Prepared by: Laura Metune / HIGHER ED. / (916) 319-3960