

Date of Hearing: April 9, 2024

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Mike Fong, Chair
AB 2395 (Quirk-Silva) – As Introduced February 12, 2024

SUBJECT: California State University: extension programs, special session, and self-supporting instructional programs: revenues.

SUMMARY: Authorizes the California State University (CSU) Trustees to transmit the revenues received by the Trustees from extension programs, special session, or self-supporting instructional programs to the chief fiscal officer of a CSU campus, and requires the transmitted moneys to be deposited in specified trust accounts or in the continuously appropriated CSU Trust Fund. Specifically, **this bill:**

- 1) Authorizes the CSU Trustees to transmit revenues received by the Trustees from extension programs, special session, or self-supporting instructional programs to the chief fiscal officer of one or more campus of the CSU and requires that, if revenues are transmitted, the chief fiscal officer must deposit the funds, as specified.
- 2) Makes clarifying and technical changes.

EXISTING LAW:

- 1) Confers upon the CSU Trustees the powers, duties, and functions with respect to the management, administration, control of the CSU system and provides that the Trustees are responsible for the rule of government of their appointees and employees (Education Code (EC) Sections 66606 and 89500, et seq.).
- 2) Authorizes CSU Trustees to transmit any revenues, including fees and charges required by the Trustees, received by the Trustees from extension programs, special session, and other self-supporting instructional programs to the Treasurer and if transmitted, requires the revenues to be deposited in the State University Continuing Education Revenue Fund, a continuously appropriated fund. Existing law appropriates all revenues from that fund to the trustees for the support and development of self-supporting instructional programs of the CSU (EC Section 89704).
- 3) Requires the CSU ensure that tuition fees adequate, in the long run, to meet the cost of maintaining special sessions in the CSU must be required of, and collected from, students enrolled in each special session pursuant to rules and regulations prescribed by the CSU Trustees. Defines “special sessions,” as self-supporting instructional programs conducted by the CSU. Stipulates that the special sessions must include, but not necessarily be limited to, career enrichment and retraining programs. States that the intent of the Legislature is for said programs, currently offered on a self-supporting basis by the CSU during summer sessions, may be provided throughout the year, and must be known as special sessions. Stipulates that self-supporting special sessions must not supplant, as specified, regular course offerings available on a non-self-supporting basis during the regular academic year. Defines Supplant, as reducing the number of state-supported course offerings while increasing the number of self-supporting versions of that course. Requires, each CSU campus, to the extent possible, that any course required as a condition of undergraduate degree completion for a state-

supported matriculated student must be offered as a state-supported course. Prohibits a campus from requiring a state-supported matriculated student to enroll in a special session course in order to fulfill a graduation requirement for a state-supported degree program (EC Section 89708).

- 4) Requires the chief fiscal officer of each campus of the CSU to deposit and maintain in specified trust accounts, or in the continuously appropriated CSU Trust Fund, specified moneys received in connection with certain sources or purposes, including fees for extension programs, special sessions, and other self-supporting instructional programs (EC Section 89721).

FISCAL EFFECT: Unknown

COMMENTS: *Need for the measure.* According to the author, “the California State University system is the largest and most diverse four-year public university network in the nation, with 23 campuses and seven off-campus centers aimed at educating our future workforce. Despite significant technological advancements and shifts in educational methods since the 1970s, dated laws restrict how CSU administrators can use continuing education funds.”

The author contends that, “AB 2395 provides the CSU campuses increased flexibility in utilizing continuing education funds in order to develop and expand innovative and accessible academic programming.”

According to the CSU, examples of program opportunities being discussed at campuses which can be supported under this measure include the following:

- 1) *Partnerships with local employers.* Existing campus faculty can invest time to work with local employers to establish more strategic workforce training to meet existing needs;
- 2) *Career placement programs and internships.* These programs provide on-site experience to students and help prepare them for the workplace;
- 3) *Student retention programs.* Campuses can scale-up current efforts to ensure students stay enrolled and complete their degree;
- 4) *Re-engage former students with unfinished degrees.* CSU’s Second Start Pilot Program seeks to provide former students with a pathway to return to college and earn their college degree. Long-term funding is necessary to identify students, develop tailored-degree programs, and provide student support to complete their degree;
- 5) *Regional Education Centers.* Multiple CSU campuses could unite to serve as education hubs to provide 4-year degrees to students place bound to specific regions; and,
- 6) *Online Education.* Internet and technology upgrades are periodically needed at campuses to ensure reliable services to those who rely on online education.

Professional and Continuing Education (PaCE) at CSU. At the May 2023 CSU Board of Trustees Meeting (held May 21 – 24, 2023), the Trustees had an agenda item (2) regarding PaCE. The materials presented to the Trustees on this agenda item, highlighted that, in 1971, the

Continuing Education Reserve Fund (CERF) Act required each university within the CSU system to create extended education units to meet the emerging needs of a changing workforce featuring academic flexibility and supplementary delivery methods.

Between 2010- 2014, PaCE awarded approximately 50,000 professional development certificates in areas such as business, information technology, health care and trade and transportation. Today PaCE offers 200 degree programs and more than 150 professional certificates with an enrollment that culminated in more than 17,000 students in 2021. Of those students, nearly 11,000 were served by only eight universities. The Commission on Professional and Continuing Education is charged by the CSU Board of Trustees to facilitate, promote and self-support programs within the CSU. It focuses on policies, procedures and student success strategies pertaining to PaCE programs and the improvement of access, equity and utilization of the educational resources of the CSU system.

The Commission's leadership is comprised of: (1) Two university presidents, appointed by the CSU Chancellor for a three-year term; (2) Four full-time faculty members, appointed for one-year terms; (3) Two provosts/vice presidents, appointed for two-year staggered terms; (4) Three university deans of PaCE, appointed for three-year, non-consecutive staggered terms; (5) Three members of the Chancellor's Office Staff with subject matter expertise; (6) Two campus level directors-at-large, appointed for two-year terms; and, (7) The assistant vice chancellor and employer partners as ex-officio members of the Commission.

Unlike CSU state-supported degree programs, PaCE does not depend on state general fund appropriations. PaCE collects student fees for degree programs as well as revenue from contracts with businesses and organizations for customized trainings. These funds meet the cost of maintaining PaCE's operations, and any additional revenue that exceeds the cost of operations are reinvested in the program development and other key aspects of student support. PaCE fees are regulated by CSU Executive Order 1102: [Fee Policy: Frequently Asked Questions | CSU \(calstate.edu\)](#) and existing law.

The Fee Policy, breaks down various CSU fee types into six different categories:

- 1) Category I fees are systemwide mandatory fees (e.g., systemwide tuition) that must be paid to apply to, enroll in, or attend the university, or to pay the full cost of instruction required of some students by statute;
- 2) Category II fees are campus-based mandatory fees required for enrollment in the CSU;
- 3) Category III fees are miscellaneous course fees for state-support instruction, such as materials and services used in academic courses;
- 4) Category IV fees are for services, use of facilities or fines;
- 5) Category V fees are charged by self-support operations on campus, such as parking, housing or extended education. Self-support programs are defined as those not receiving state general fund appropriations; instead, fees are collected to pay the full cost of the program; and,
- 6) Category VI fees are systemwide voluntary fees, such as the Student Involvement and Representation Fee.

Because PaCE is a self-support model, PaCE enrollment is not considered in CSU's full-time-equivalent (FTE) overall enrollment goals currently articulated in the Governor's Budget Compact with CSU. PaCE offerings cannot supplant existing CSU degree programs; instead, they serve to fill in gaps that are not currently addressed by state-supported offerings.

According to the Board materials, as the landscape of the traditional four-year degree model changes, PaCE is well positioned to help the CSU expand its reach by providing additional offerings for the adult learner. While PaCE enrollment does not contribute toward meeting state-support enrollment targets set in the Annual State Budget, the CSU contends that it does provide a complementary opportunity to meet unique educational and workforce needs in California.

The chart below, from the CSU Chancellor's Office, reflects the CSU's systemwide fund balances for the past decade.

Year	PaCE Fund Balance
2023	\$328,577,215
2022	\$341,898,431
2021	\$318,483,854
2020	\$282,556,103
2019	\$242,250,551
2018	\$235,598,496
2017	\$231,481,957
2016	\$239,835,164
2015	\$245,201,059
2014	\$198,041,452

The Board materials suggested that CSU seek to amend existing law in order to create more options for the use of self-support funds to meet the CSU's missions. This measure appears to align with the recommendation.

Arguments in support. According to the CSU, the sponsors of this measure, "in recent years, higher education has evolved toward more flexible practices. The CSU must keep pace as the state strives to serve a more diverse population of students whose academic and career goals may not be served by traditional methods. Innovation and access must be elevated in order to keep up with the emerging needs of students and employers and this legislation will allow the CSU to do that."

Further, as noted by California Competes: Higher Education for a Strong Economy, "AB 2395 would allow CSU universities the flexibility to leverage continuing education revenues with other campus funds to support broader academic and workforce development offerings. Examples of important program opportunities being discussed at CSU universities which can be supported under this bill include new partnerships with local employers, career placement programs, internships, adult learner and returning student programs, student retention programs, and a greater use of online education."

REGISTERED SUPPORT / OPPOSITION:

Support

California Competes: Higher Education for a Strong Economy
California State University, Office of the Chancellor (Sponsor)

Opposition

One individual

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