

Date of Hearing: April 29, 2025

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

AB 885 (Solache) – As Amended April 21, 2025

SUBJECT: Public postsecondary education: College Access for All Fund.

SUMMARY: Establishes the College Access for All Fund in the State Treasury. Specifically, **this bill:**

- 1) Stipulates that all moneys in the College Access for all Fund (as established pursuant to the summary above), must be available, upon appropriation by the Legislature, to the University of California (UC) and the California State University (CSU) for purposes of lowering the cost of undergraduate attendance, either through tuition reductions or loan repayment programs, or a combination of tuition reductions and loan repayment programs.
- 2) Finds and declares all of the following:
 - a) According to Georgetown University, over the past 20 years a college degree has increasingly become a prerequisite to a well-paying, stable job;
 - b) The Public Policy Institute of California (PPIC) found that on average, graduates of California's public universities earn up to 62% more annually than a high school graduate;
 - c) Over the past 50 years, tuition and fees at the UC have nearly quadrupled, while at the CSU tuition and fees have jumped sixfold;
 - d) The cost of attending the UC has ballooned to over \$45,000 annually, \$14,934 of which accounts for tuition and fees. At the CSU, tuition and fees average nearly \$8,000 annually;
 - e) According to the PPIC, the high cost of tuition, coupled with California's high cost of living, forces two-thirds of undergraduates at the UC and the CSU to take on student debt;
 - f) Nearly four million Californians already owe over \$142 billion in student debt, and this acts as a drag on the state's economy;
 - g) The lack of an educated workforce will deny the state the ability to draw upon the critical resources that are necessary to assist with the state's current economic crisis and to support future economic growth; and,
 - h) Current budget proposals will jeopardize the enrollment of students at the UC and the CSU.

EXISTING LAW:

- 1) Establishes the UC as a public trust to be administered by the Regents of the UC; and, grants the Regents full powers of organization and government, subject only to such legislative control as may be necessary to insure security of its funds, compliance with the terms of its endowments, statutory requirements around competitive bidding and contracts, sales of property and the purchase of materials, goods and services (Article IX, Section (9)(a) of the California Constitution).
- 2) Establishes the CSU system, made of 23 campuses, and bestows upon the CSU Trustees, through the Board of Trustees, the power, duties, and functions with respect to the management, administration, and control of the CSU system (Education Code (EC) Sections 66606 and 89030, et seq.).
- 3) Establishes the Donahoe Higher Education Act and assigns the missions of the CSU and the UC (EC Section 66010, et seq.).

FISCAL EFFECT: Unknown

COMMENTS: *Background.* The CSU and UC receive their funding through the annual Budget Act. There is no funding policy in statute for these institutions; thus, their funding is discretionary. However, UC and CSU have entered into system-specific "compacts" and "partnerships" with several Governors to ensure stable multi-year funding in exchange for a commitment to deliver on specific performance measures.

Purpose of the measure. The author contends that, "The College Access for All Bill works to ensure that every California can work to obtain an undergraduate higher education without fear of financial stress or debt. By establishing the College Access for All Fund within the State Treasury the bill creates a pool of funding to be used solely for reducing the cost of tuition and fees at UC and CSU and for costs of student loan debt. The bill also works to craft a solution for the longstanding structural issue within the State Budget."

Tuition changes at the CSU and UC. In September 2023, the CSU Trustees approved a multi-year tuition increase commencing with the Fall 2024 semester. For the 2024-25 academic year, full-time undergraduate students will pay on average tuition and fees of \$6,084 (an increase of \$342). Under this multi-year plan, tuition at the CSU will increase 6% over the next five years. After five years, the annual undergraduate tuition at the CSU will be \$1,940 higher than it was in the 2023-24 academic year.

Currently, annual tuition and campus fees at most CSU campuses are below \$8,000 and below the national average of annual average of \$10,000.

Committee Staff understands that after five years, the CSU Trustees will have to evaluate the systemwide tuition and fees structure and determine if tuition will be increased again.

Prior to 2023, the last time the CSU increased student tuition and fees was 2017.

The UC Regents approved a multi-year Tuition Stability Plan in July 2021. Beginning in the Fall of 2022, the systemwide tuition and student service fees was adjusted for each incoming undergraduate class, but will subsequently remain flat until the student graduates, for up to six years. For undergraduates who first enrolled in Fall 2021, or earlier, tuition will remain flat at current rates for the duration of their enrollment, up to six years.

Committee Staff understands that after five years, the plan will be up for reauthorization by the UC Regents.

Prior to the implementation of the Tuition Stability Plan, the last time the UC increased tuition and fees was in 2017; the increase was 2.5%.

Student Debt. According to a June 2023 Public Policy Institute of California (PPIC) Fact Sheet, entitled, *Student Loan Debt in California*, borrowing levels among undergraduates at four-year institutions nationwide decreased by 10 percentage points from 2012 to 2020. Borrowing rates in California, *which have long been below the national average*, dropped even more markedly; only one-third borrowed in 2019–20.

Committee Staff understands that the decline in student borrowing in this State is due, in part to the State's robust financial aid program, the Cal Grant, which covers the total cost of tuition and fees annually for hundreds of thousands of eligible students attending the CSU and UC. In fact, at the CSU, nearly two-thirds of CSU's undergraduate students earn their degrees without any incurred student debt. At the UC, 64% of UC's undergraduate students earn their degree without any student debt incurred.

Committee comments. This measure seeks to establish the College Access for All Fund, requiring all moneys in the fund to be available only upon appropriation by the Legislature. It is presently unclear the dollar amount and/or the goal of the amount of moneys in the fund and if the Legislature will appropriate moneys to the fund.

Moving forward, the author may wish to work with the appropriate stakeholders, including, but not limited to, the Budget Committees of the Legislature, the Department of Finance, the CSU and the UC, in order to ascertain an estimated cost projection for the fund to serve its intended purpose.

The State already provides a general fund appropriation to the CSU and UC and could, within that appropriation, provide additional funding with the requirement that the increase in funding beyond the base appropriation be used to charge down the tuition and fees a student would otherwise be required to pay, potentially negating the need to establish a special fund.

The fund is subject to an appropriation by the State; and would be subject to the ebbs and flows of the economy, which could create an unstable and unreliable source of funding for families to plan and prepare for year after year. It is presently unclear how, or if, this fund would impact the direct State apportionment for the Cal Grant.

Further, as currently drafted, the measure stipulates that the moneys in the fund must be made available to the CSU and UC for purposes of lowering the cost of undergraduate attendance, either through tuition reductions, loan repayment programs, or a combination of both. However, it is unclear how the CSU and UC would make these determinations.

Additionally, the CSU and UC are not loan repayment organizations. At a time whereby both segments are facing an 8% budget cut, the *Committee may wish to examine if it is prudent to task the segments with potentially having to create a loan repayment program.*

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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