

Date of Hearing: June 9, 2026

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

SB 308 (Seyarto) – As Amended May 11, 2026

SENATE VOTE: 39-0

SUBJECT: Community colleges: audits: reports.

SUMMARY: Streamlines fiscal reporting by the California Community College (CCC) Chancellor's Office (CCCCO) by consolidating two existing community college fiscal oversight reports into a single report. Specifically, **this bill**:

- 1) Requires that, beginning in the 2027-28 fiscal year, the CCCCCO consolidate reporting of fiscal information specified in current law on corrective action taken by or against CCC districts experiencing fiscal instability and on the fiscal audits of CCC districts, into a single report.
- 2) Requires that the report, pursuant to (1) above, be submitted to all of the following:
 - a) Chairs of the educational policy committees of both Houses of the Legislature;
 - b) Chairs of the fiscal committees of both Houses of the Legislature;
 - c) The Joint Legislative Audit Committee;
 - d) The Director of Finance; and,
 - e) The Governor.
- 3) Requires that the report, pursuant to (1) above, include all of the following:
 - a) Number and nature of audit exceptions;
 - b) Estimated amount of funds associated with exceptions;
 - c) List of CCC districts failing to file audits; and,
 - d) Actions taken to address audit findings and management improvement recommendations.

EXISTING LAW: *Federal law.* Establishes, under the Single Audit Act, audit requirements for entities receiving specified levels of federal funding (31 U.S.C. Sections 7501 – 7507).

State law.

- 1) Establishes the CCC as one of California's public higher education systems under the administration of the CCC Board of Governors (BOG) (Education Code (EC) Section 70900, et seq.).

- 2) Requires governing boards of CCC districts to provide for annual audits of district funds, books, and accounts conducted by certified public accountants licensed by the California Board of Accountancy (EC Section 84040(b)).
- 3) Requires the BOG to establish standards and criteria for evaluating the fiscal condition of CCC districts and to develop procedures addressing districts experiencing fiscal instability. These procedures may include management reviews and appointment of special trustees (EC Section 84040(c)).
- 4) Authorizes the BOG to reduce or withhold district apportionments to address extraordinary costs associated with fiscal difficulties and district stabilization efforts (EC Section 84040(c)(3)).
- 5) Requires annual reporting concerning audit exceptions, districts failing to submit audits, and actions taken to address management findings and audit deficiencies (EC Section 84040.6).

FISCAL EFFECT: According to the Senate Committee on Appropriations, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS: *Background.* The 73 CCC districts receive substantial state and local funding and maintain significant autonomy over fiscal operations. Existing law requires periodic audits and fiscal monitoring intended to identify financial risks before they become severe enough to affect institutional operations or educational services.

Audit exceptions and fiscal distress indicators may identify weaknesses involving internal controls, financial management practices, or compliance issues. Under current law, related information may be reported through separate mechanisms.

This measure consolidates these reporting processes and aligns them under the CCCCCO.

Purpose. According to the author, “SB 308 will streamline higher education reporting requirements to eliminate redundancy while maintaining accountability. By directing the Legislature to consolidate duplicative reporting mandates for the California Community Colleges, our colleges can focus more time and resources on their core mission of educating students rather than paperwork. This practical reform builds on past successful efforts to bring greater efficiency to California's education system.”

The author states that, “SB 308 does not create a new equity program or directly target a specific student population. However, by reducing unnecessary paperwork while maintaining fiscal accountability, the bill supports a more efficient community college system that can better direct resources toward students and programs that help close opportunity gaps”.

How many reports? According to the CCCCCO, the CCCCCO is required to submit over 50 legislative reports; with many reports due on an annual basis to the Legislature.

Why consolidate these reports? The two reports referenced in this measure address closely related issues involving district fiscal oversight and accountability. Audit findings frequently serve as indicators of broader fiscal management concerns. Consolidating these reports may do the following:

- 1) Improve legislative access to comprehensive fiscal information;
- 2) Reduce administrative duplication;
- 3) Increase transparency;
- 4) Facilitate identification of patterns across districts; and,
- 5) Strengthen oversight of districts demonstrating financial challenges.

From a public administration perspective, integrating related accountability information into a unified report may improve decision-making by allowing policymakers to assess financial risk indicators and corrective actions within a single framework rather than across multiple reporting documents.

Committee comments. This measure does not appear to reduce audit requirements, eliminate oversight mechanisms, or decrease accountability standards. Rather, it reorganizes and centralizes reporting responsibilities while expanding dissemination of information to oversight entities, including the Joint Legislative Audit Committee.

Arguments in support. According to the CCCCCO, sponsors of this measure, “this bill would modernize and streamline statutory reporting requirements by allowing the consolidation of specified legislative reports.”

Further, the CCCCCO states that, “the Chancellor’s Office is currently required to submit more than 50 legislative reports, many on an annual basis, several of which contain overlapping or duplicative information. SB 308 would streamline two report requirements related to audit exceptions, district audit compliance, and corrective actions currently reported under Education Code Section 84040.6 and 84040. Under existing law, the Chancellor’s Office is required to submit two distinct reports that contain overlapping audit-related information, including the number and nature of audit exceptions, districts that fail to submit required audits, and actions taken to address audit findings. SB 308 does not eliminate these reporting obligations—instead, beginning in the 2027–28 fiscal year, it would allow this information to be reported through one consolidated report.”

REGISTERED SUPPORT / OPPOSITION:

Support

California Community Colleges Chancellor's Office (Sponsor)

Opposition

None on file.

Analysis Prepared by: Jeanice Warden / HIGHER ED. / (916) 319-3960