

Date of Hearing: April 26, 2022

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 1998 (Smith) – As Amended March 24, 2022

**SUBJECT:** Community colleges: nonresident tuition fees: Western Undergraduate Exchange.

**SUMMARY:** Authorizes the Board of Governors (BOG) of the California Community Colleges (CCC) to enter into the Western Undergraduate Exchange (WUE) through the Western Interstate Commission for Higher Education (WICHE); authorizes community college districts (CCD) with 3,000 or fewer full-time equivalent students (FTES) to also exempt students from states that participate in the WUE from the mandatory fee requirement, as specified; and, decreases the per-unit fee for eligible students from three times the amount of the fee established for residents to one and one-half times the amount of the fee established for residents. Specifically, **this bill:**

- 1) Authorizes the BOG of the CCC to enter into the WUE through the WICHE.
- 2) Specifies that any district that has fewer than 1,500 FTES and whose boundary is within 10 miles of another state that has a reciprocity agreement with California governing student attendance and fees, or that participates in the WUE, may exempt students from that state, or may exempt students from those states that participate in the WUE, from the mandatory fee requirement, as specified, for nonresident students.
- 3) Specifies that any district that has less than 3,000 FTES and whose boundary is within 10 miles of another state that has a reciprocity agreement with California governing student attendance and fees, or that participates in the WUE, may, in any one fiscal year, exempt up to 100 FTES from that state or from states that participate in the WUE from the mandatory fee requirement, as specified, for nonresident students.
- 4) Decreases the per-unit fee that eligible nonresident students must pay, from three times the per-unit fee established for residents, to one and one-half times the per-unit fee established for residents.
- 5) Stipulates that except as provided, agreements shall contain the provision that no additional state funds shall be required to carry out the provisions of this chapter.
- 6) Makes technical and clarifying changes to existing law.

**EXISTING LAW:**

- 1) Establishes the CCC, a postsecondary education system in this state, under the administration of the BOG; and, specifies that the CCC consist of community college districts (Education Code (EC) Section 70900).
- 2) Authorizes the CCC BOG to enter into an interstate attendance agreement with any statewide public agency of another state that is responsible for public institutions of postsecondary education providing the first two years of college instruction, and that is an agency of a state that is a member of WICHE (EC Section 66801).

- 3) Authorizes a community college district to admit non-resident students and requires that these students be charged a tuition fee that is twice the amount of the fee established for in-state resident students, with certain specified exemptions. State statute prescribes a formula for the calculation of the non-resident fee. State law requires the non-resident tuition fee be increased to a level that is three times the amount of the fee established for in-state resident students (EC Section 76140).
- 4) Prohibits non-resident students from being reported as FTES for state apportionment purposes, except where: (1) the CCD has less than 1,500 FTES and is within 10 miles of another state and has a reciprocity agreement with that state; or, (2) if a community college district has between 1,501 and 3,000 FTES and is within 10 miles of another state and has a reciprocity agreement with that state, they can claim up to 100 FTES for state apportionment purposes (EC Section 76140(h)(i)).
- 5) Exempts no more than 200 students in any academic year from paying non-resident tuition fees if they attend the Lake Tahoe Community College (LTCC) and reside in specified communities in the State of Nevada, and; (2) permits the LTCC District to count these persons as resident FTES for purposes of determining California apportionment funding (EC Section 76140 (a)(6)).
- 6) Provides that specified nonresident students exempted from paying nonresident tuition may be reported as resident FTES for purposes of state apportionment. These students are required to pay three times the amount of resident fees, and the apportionment rate is adjusted down accordingly (EC Section 76140(j)).

**FISCAL EFFECT:** Unknown

**COMMENTS:** *Need for the measure.* According to the author, existing law requires small, border state colleges to charge students from other states at a unit fee that is three times the fee established for residents established in statute. The author states, “Legislation is necessary to reduce this cost so that small, border colleges may be more competitive in serving their local communities.”

Additionally, the author states that, “Small border community colleges, like the Needles Center that is part of the Palo Verde Community College District and lies along the California-Arizona state line in my district, suffer from a competitive disadvantage compared to their neighboring state’s schools.”

The author contends that, “Small community colleges in California that are located near bordering states are able to exempt nonresident students from those states from the full nonresident tuition cost, however, they must charge these nonresident students three times the per-unit fee that resident students pay. Meanwhile states like Arizona and Nevada charge much less for out-of-state students to attend their colleges, sometimes as little as the same rate as their resident students are required to pay.”

The author states that, “AB 1998 will help restore the competitive balance by allowing these small border colleges to charge tuition rates that will be on par with those colleges just over the border. These bordering communities act as one community with residents of one state living on

one side of the border and working or going to school on the other and vice versa. California colleges ought to have the same opportunity to serve students in their communities as do colleges from neighboring states.”

Lastly, the author states that, “AB 1998 would authorize small, rural, border colleges to charge 150% of the local unit fee, rather than three times the amount. This would put California community colleges in a better position to recruit out-of-state students that could eventually stay in California and contribute to the local economy.”

*Western Interstate Commission for Higher Education (WICHE).* California, Arizona, Oregon, and Nevada, along with a number of other states, participate in WICHE. The WICHE oversees three student reciprocal exchange programs allowing students to attend out of state universities at a reduced rate.

More than 45,000 Western students saved \$451 million in academic year 2019-20 through the WUE, Western Regional Graduate Program (WRGP), and Professional Student Exchange Program (PSEP). These WICHE programs provide significant student savings on nonresident tuition at over 160 Western U.S. public colleges and universities and select private healthcare programs. Additionally, 18,544 California residents saved \$196.5 million in academic year 2019-20 through the WUE and WRGP. These WICHE programs provide significant student savings on nonresident tuition at over 170 Western U.S. public colleges and universities.

However, the CCC system currently does not participate in the WUE, which is the WICHE exchange program serving undergraduates.

This measure, in part, authorizes the BOG of the CCC to enter into the WUE through the WICHE.

*Arguments in support.* According to the Palo Verde CCD, districts like the Palo Verde CCD, that border on neighboring states, have communities that extend beyond the state border. There are Arizonans that work in California, but live in Arizona and vice versa.

Additionally, Palo Verde CCD states that, “Many Arizona K-12 students attend grade and high school in California. It is a natural transition for these students to move to attend Palo Verde College.” However, Palo Verde CCD contends that, “Under current law, small, border colleges are eligible to exempt students from bordering states from nonresident tuition, so long as they charge those students three times the resident tuition rate. Those districts are then eligible for apportionment above the fees collected from the nonresident tuition.”

Further, Palo Verde CCD states, “There is, however, a lack of equity in what Palo Verde is able to charge Arizona students and what Arizona colleges are able to charge California students that live near the border. Arizona colleges are able to charge California students much less than the three times the California resident rate that is the requirement for California colleges. In fact, some Arizona border colleges charge California students the Arizona resident rate.”

Lastly, Palo Verde CCD contends that, “This bill would provide a ‘good neighbor’ policy for students that are a part of the Palo Verde campus community but may reside in a neighboring state.”

*Prior legislation.* SB 436 (Dahle), Chapter 573, Statutes of 2022, removed the sunset date of provisions in current law, authorizing LTCC to waive non-resident tuition fees and claim apportionment for a limited number of students residing in specified communities in the State of Nevada (in the Lake Tahoe Basin), thereby making the authorization permanent

SB 605 (Gaines), Chapter 657, Statutes of 2015, in part, until July 1, 2022, exempts persons residing in specified communities in the State of Nevada from paying non-resident tuition fees if they attend LTCC.

**REGISTERED SUPPORT / OPPOSITION:****Support**

Fort Mojave Indian Tribe  
Lake Tahoe Community College  
Palo Verde Community College District

**Opposition**

None on file.

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