

Date of Hearing: March 18, 2025

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

AB 530 (Hart) – As Introduced February 11, 2025

**SUBJECT:** California State University: fiscal transparency

**SUMMARY:** Requires the California State University (CSU) to include on their website, on or before July 1, 2027, certain information about each expenditure of state funds, as defined, for expenditures that exceed \$10,000, in a format that allows the public to search and aggregate that information as specified. Specifically, **this bill**:

- 1) Establishes the CSU Transparency Act of 2025.
- 2) Defines “expenditure of state funds” means the expenditure or transfer of any state funds by the CSU in an amount that exceeds ten thousand dollars (\$10,000) in the form of, including, but not limited to, any of the following:
  - a) Grants;
  - b) Contracts;
  - c) Subcontracts;
  - d) Purchase orders; and,
  - e) Investments.
- 3) Requires that on or before July 1, 2027, the CSU must include on its internet website, accessible to the public at no cost, and in a manner that allows the public to search and aggregate information on the expenditure of state funds, all of the following:
  - a) For each expenditure of state funds, information on the expenditure that includes, but is not limited to, all of the following information:
    - i) The name and address of each office or business entity that receives funds, or other fund recipient. The information disclosed must not include the name of an individual person;
    - ii) The amount of the expenditure;
    - iii) The type of transaction;
    - iv) The identity of the department, office, or other entity of the CSU making the expenditure;
    - v) The program source for the expenditure;

- vi) A description of the purpose of the expenditure;
  - vii) A description of any item purchased pursuant to the expenditure; and,
  - viii) Any other information deemed relevant by the Department of Finance or the Governor's office.
- b) For each expenditure that is a transfer of state funds in the form of investments, information on the investments that includes only the total amount of the transfer and the source of the funds.
  - c) The capability for a user to view information on the internet website in a format that is searchable and the capability for a user to download and manage that information with appropriate software.
  - d) The capability for a user to give input to the CSU regarding the utility of the information.
  - e) The capability for a user to give recommendations to the CSU for improvements to the manner in which the information is provided on the internet website.
- 4) Requires that, on or before July 1, 2027, the California State University's internet website shall include information on the expenditure of state funds for the 2026–27 fiscal year. On and after July 1, 2027, the internet website must be updated monthly to include information on the expenditure of state funds for the most recently completed month.
  - 5) Requires the CSU to fully cooperate with the Department of Finance and the Governor's Office in compiling and providing all information necessary to comply with this section.
  - 6) Specifies that provisions of the measure do not require the disclosure of confidential information or the disclosure of information that is otherwise exempt from disclosure under state or federal law.

**EXISTING LAW:**

- 1) Confers upon the CSU Board of 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 (EDC) Sections 66606 and 89500, et seq.).
- 2) Requires the CSU Trustees to control and expend all money appropriated for the support and maintenance of the CSU, and all money received as donations, as specified. (EDC Section 89750).
- 3) Requires that the CSU Board of Trustees receive an investment performance report quarterly, and must distribute an annual report to the Legislature. (EDC Section 89726)

**FISCAL EFFECT:** Unknown.

**COMMENTS:** According to the author, “AB 530 is a critical step toward ensuring transparency, accountability, and trust in the use of public dollars at one of California’s most prestigious higher education institutions, the CSU. By making detailed expenditure information publicly available and accessible, the bill will enable the Legislature and the public to better understand how State funds are being spent. AB 530 ensures that State funding is being allocated effectively to support the core mission of the CSU—prioritizing students, faculty, and staff.

*CSU Audit.* In May of 2020, the State Auditor released audit report 2019-114 titled *California State University: The Mandatory Fees Its Campuses Charge Receive Little Oversight Yet They Represent an Increasing Financial Burden to Students*. The report found that the growth in mandatory fees has made the CSU campuses increasingly expensive for students. Since academic year 2011–12, the Trustees have increased tuition by only \$270, or 5%, in academic year 2017–18, from \$5,472 to \$5,742. This stability in tuition costs is largely the result of the tuition freezes the Legislature and Governor negotiated with the CSU as part of the annual state budget process, during which the Legislature increased state funding to the CSU system. In contrast, from academic years 2011–12 through 2019–20, total mandatory fees on average across all 23 CSU campuses increased from \$1,047 to \$1,633, or 56%.

The report also found that CSU’s approach to managing mandatory fees did not ensure adequate accountability. Although campuses must obtain approval from the CSU Office of the Chancellor to establish new mandatory fees, campus presidents did not need approval to increase the amount of existing fees. In addition, the Chancellor’s Office’s systemwide fee policy contained only vague requirements that allow campuses to request approval for proposed mandatory fees or increase existing fees without justifying specific fee amounts. As a result, the State Auditor found that campuses did not sufficiently justify their needs when determining and setting the amount of proposed fees or increases to existing fees. Campuses also did not sufficiently demonstrate that they had no other way to pay for those needs.

*Arguments in support.* The California Faculty Association, the sponsors of AB 530 (Hart), wrote that “the CSU system, with an operating budget of \$8.5 billion for the fiscal year 2024-25, receives substantial funding from the state General Fund, tuition and mandatory fees, and California State Lottery Ticket sales, among other sources. Despite the critical role that these funds play in supporting the CSU’s operating costs—including instruction, academic support, student services, and financial aid—a state audit released in May 2020 highlighted a concerning lack of oversight on the expenditures of mandatory fees, which have been a financial burden to students. These fees, not covered by financial aid grants and scholarships, contribute to the financial strain on students and their families, many of whom resort to paying these fees out of pocket or through student loans. The audit’s findings, coupled with the CSU Board of Trustees’ recent decision to approve a system-wide tuition hike, underscore the urgent need for greater financial transparency to ensure that the funds are being used effectively to support the CSU’s core functions.”

“AB 530 addresses this need by requiring the CSU to track and publicly disclose expenditures of state that exceed \$10,000, including grants, contracts, subcontracts, purchase orders, investments, and any expenditure from a reserve account. This level of transparency will empower students, parents, taxpayers, and legislators to see how allocated state funds are spent and assess the outcomes of these expenditures.

*Arguments in opposition.* The CSU Chancellor's Office wrote that, "the CSU shares the author's goal for transparency and accountability and demonstrates this shared priority through our [Transparency & Accountability](#) website. The public is currently able to track all expenditures over \$50,000, view annual financial statements and external financial audit reports, and utilize a financial transparency portal that allows one to customize CSU finance searches by year, campus and fund.

"However, the CSU remains opposed to AB 530 as it includes a number of provisions that would be incredibly difficult to implement and would provide little to no public benefit. As an example, the requirement to report expenditures in excess of \$10,000 would result in approximately over 30,000 data points, which is why the CSU currently reports expenditures over \$50,000. Additionally, AB 530 contains a provision that would allow the Department of Finance and the Governor's Office to request any information they choose to be included in the published expenditures. This provision lacks specificity and is subject to change, preventing the CSU from knowing what information should be captured to satisfy the provisions of this bill. Lastly, the bill treats investments as expenditures which is not appropriate or feasible. The CSU is required by law to invest in mutual funds, under which transactions are made constantly by a fund manager. Therefore, we would not be able to produce the same required content for expenditures monthly as required under this bill for investment transactions via mutual funds."

*Committee comments.* As part of an existing effort to maintain financial transparency, CSU maintains a Financial Transparency Portal that provides aggregate data on expenditures of \$50,000 or more over the past five fiscal years. This portal categorizes expenditures by program (such as instruction, institutional support, and student services) and by expense type (including salaries, benefits, and student financial aid).

Given that CSU is already using these categories in their existing reports, the implementation of the provisions proposed by this bill may not significantly create more work from CSU. The current categorization system is comprehensive and mostly aligns with the proposed requirements of the bill. While the proposed website reporting would include more granular transparency measures, and lower the expenditure reporting threshold to \$10,000, *the committee may wish to consider if the proposal will yield significantly more detail beyond what is already available through the existing Financial Transparency Portal.*

*Prior legislation.* AB 2447 (Valencia), of 2024, Requires the California State University (CSU) to develop and maintain, on or before July 1, 2026, a fiscal transparency internet website that allows the public to search and aggregate information on the expenditures and transfers of funds by the CSU in amounts that exceed \$25,000, as specified.

The measure was vetoed by the Governor, who wrote that "this bill requires the California State University (CSU) to develop and maintain a fiscal transparency website displaying expenditures and transfers of state funds in amounts greater than \$25,000 by July 1, 2026. The CSU voluntarily maintains a Fiscal Transparency Portal, accessible to the public, that provides data largely consistent with this bill. The existing database presents aggregate data on expenditures of \$50,000 or more over the past five fiscal years, broken down by program and by expense type. Including additional transactions greater than \$25,000 would place additional cost pressures on the CSU budget at a time when the system is preparing to implement ongoing state appropriations reductions."

“In partnership with the Legislature this year, my Administration has enacted a balanced budget that avoids deep program cuts to vital services and protected investments in education, health care, climate, public safety, housing, and social service programs that millions of Californians rely on. It is important to remain disciplined when considering bills with significant fiscal implications that are not included in the budget, such as this measure.”

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

California Faculty Association (Sponsor)

**Opposition**

California State University, Office of the Chancellor

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