

A REQUIRED REPORT ON THE IMPLEMENTATION OF THE WORKING FAMILIES STUDENT FEE TRANSPARENCY AND ACCOUNTABILITY ACT

Introduction

Chapter 620, Statutes of 2012 (AB 970, Fong), also known as the Working Families Student Fee Transparency and Accountability Act, requires the University of California (UC) and California State University (CSU) to fulfill three requirements related to systemwide tuition and fee increases.

- ***Notification and Consultation Procedures.*** The legislation requires UC and CSU to follow prescribed public notice and student consultation procedures before adopting an increase in mandatory systemwide tuition and fees for resident students.
- ***Tuition and Fee Policy Requirements.*** The legislation requires UC and CSU to develop a list of factors to consider when recommending such an increase.
- ***Reporting Provisions.*** The legislation requires UC and CSU to provide the Legislature with annual reports on tuition and fees, financial aid, and total cost of attendance. In addition, the legislation requires our office to report on the universities' compliance with these requirements and assess the information in the annual reports submitted by the universities.

As detailed below, our review found UC was not in compliance with most provisions of Chapter 620. Though the legislation deems its provisions required for UC, UC believes it is not legally obligated to comply because of its constitutional autonomy. We found CSU complied with all Chapter 620 provisions.

Notification and Consultation Procedures

Chapter 620 Specifies Process and Timeline for Tuition and Fee Increases. Chapter 620 specifies numerous procedural steps UC and CSU must undertake before implementing an approved increase. These include consultation with student associations, an initial public board meeting to consider increases, a comment period following the initial public meeting, a second public board meeting to adopt any increase, and a waiting period. Altogether, the minimum interval between first contacting student associations and implementing an increase is more than six months.

UC Did Not Comply With Most Requirements Prior to Recent Tuition and Fee Increases. On November 20, 2014, the UC Board of Regents voted to increase three resident mandatory systemwide charges by 5 percent each academic year from 2015-16 through 2019-20. These three charges are (1) tuition, (2) student services fees, and (3) professional degree supplemental tuition. Figure 1 (see next page) compares the notification and consultation procedures followed by UC leading up to the increases, as

Figure 1

UC Not Compliant With Most Consultation and Notification Procedures Established by Chapter 620

Required Actions	Required Timeline	Date of UC Action	Assessment of UC Compliance
Provide specified information to student representatives ^a	At least five days prior to holding meeting with student representatives	—	Not compliant—UC did not take this action
Hold consultation meeting with student representatives	At least 30 days prior to providing public notice of initial board meeting to consider tuition or fee increase	November 5, 2014	Not compliant—Action occurred nearly three months late
Provide public notice of initial board meeting to consider increase	At least ten days prior to initial board meeting	—	Not compliant—UC did not take this action
Hold initial board meeting to consider increase	At least 45 days prior to public notice of board meeting to adopt increase	—	Not compliant—UC did not take this action
Provide public notice of board meeting to adopt increase	At least ten days prior to board meeting to adopt increase	November 10, 2014	Compliant
Hold public meeting to adopt increase	At least 90 days prior to commencement of classes ^b	November 20, 2014	Compliant

^a UC and CSU must provide student representatives with a justification for a tuition or fee increase and describe the purposes for which new revenue will be used, efforts to mitigate impacts on needy students, and potential impacts on students' work and loan burden and institutional aid.

^b Commencement of classes differs at UC campuses. August 26, 2015 is the earliest date classes start at a campus (Berkeley) for the 2015-16 academic year.

compared to the requirements established by Chapter 620. As shown in the figure, UC did not comply with four of the six statutory requirements.

CSU Has Not Increased Tuition and Fees. The CSU Board of Trustees has not increased resident mandatory systemwide charges since our last report in March 2014. Accordingly, CSU was not required to follow any consultation or notification procedures required by Chapter 620.

Tuition and Fee Policy Requirements

Chapter 620 Specifies Factors Universities Must Consider Before Raising Tuition and Fees. Chapter 620 requires the universities to develop a list of factors they will take into account when considering an increase. The list, to have been adopted by the respective governing boards by April 2, 2013, must include (1) the level of state support, (2) the total cost of attendance, (3) the impact of an increase on various categories of students (including historically underrepresented students and low-income students), and (4) the university's efforts to mitigate adverse impacts.

UC's Tuition and Fee Policies Not Consistent With Chapter 620. The UC Board of Regents to date has not modified its tuition and fee policies in response to Chapter 620. Figure 2 (see next page) compares the four factors Chapter 620 requires UC and CSU to consider in adopting tuition and fee increases with the policies established by the UC Board of Regents prior to the enactment of Chapter 620. As shown in the figure, UC's

Figure 2
UC Not Compliant With Chapter 620
Tuition and Fee Policy Requirements^a

Required Factors ^b	UC Policies		
	Tuition	Student Services Fee	Professional Degree Supplemental Tuition
Level of state support	✓	—	✓
Total cost of attendance	✓	—	—
Impact on various categories of students, including under-represented and low- to middle-income students	—	— ^c	— ^d
Efforts to mitigate adverse impacts	✓ ^e	✓ ^e	✓ ^e

^a A check mark indicates UC considers the same or a very similar factor.

^b UC and CSU are required to adopt policies considering these factors when making decisions on tuition and fee increases.

^c The university's policy considers the needs and priorities of undergraduate, graduate, and professional students, but does not specifically address the impact on under-represented or low- and middle-income students.

^d The University's policy requires a strategy for inclusion of students from under-represented groups but does not address low- and middle- income students.

^e The university's policy addresses this requirement by specifying that tuition and fee increases should have return-to-aid components or take into account support available to assist needy students.

policies fail to comply with Chapter 620 requirements in several areas. (A copy of UC's student tuition and fee policies is included in Appendix 1 at the end of this report.)

CSU's Tuition and Fee Policy Meets Requirements of Chapter 620. At its March 2013 meeting, the CSU Trustees adopted a resolution specifying factors to consider when proposing a tuition and fee increase that includes the four factors specified in Chapter 620. (A copy of the CSU resolution is included in Appendix 2 at the end of this report.)

Reporting Provisions

Chapter 620 Requires Annual Reports From UC and CSU. The statute requires UC and CSU to report annually by March 1 information regarding (1) expenditure of revenue derived from student tuition and fees, (2) uses of institutional financial aid, and (3) systemwide average total cost of attendance. The statute also requires our office to assess the information provided by the universities.

Both UC and CSU Complied With Reporting Provisions. Both UC and CSU complied with reporting requirements by (1) publishing the required expenditure information in their own support budget documents in November 2014, (2) providing the required expenditure data to the Department of Finance for inclusion in the Governor's January 10 budget proposal, and (3) submitting preliminary institutional financial aid reports (with cost of attendance data) in February 2015 (with final reports to be submitted by the end of March).

Assessment of Information Included in Recent LAO Budget Report. On February 27, 2015, our office published *The 2015-16 Budget: Higher Education Analysis*. In this report, we review the universities' budgets as well as the state's current tuition and financial aid policies. Please see our "Tuition and Financial Aid" section of this report for further information on tuition, fees, and financial aid.

APPENDIX 1

UC's Policies on Tuition and Fee Increases

Regents Policy 3101: The University of California Student Tuition and Fee Policy

Approved January 21, 1994. Amended May 20, 2004, September 22, 2005, March 25, 2010, May 20, 2010, and November 18, 2010.

A Student Tuition and Fee Policy affecting Tuition and the Student Services Fee is established with the following provisions.

A. Tuition

Tuition, (formerly referred to as the Educational Fee) is a Universitywide mandatory charge assessed against each resident and nonresident registered student. Tuition is assessed uniformly across all campuses of the University.

In addition to funding programs and services supported by Tuition (such as student financial aid and related programs, admissions, registration, administration, libraries, and operation and maintenance of plant), income generated by Tuition may be used for general support of the University's operating budget. Revenue from Tuition may be used to fund all costs related to instruction, including faculty salaries.

In recommending to the Board the annual Tuition level, the President shall take into consideration the following factors:

1. The resources necessary to maintain access under the Master Plan, to sustain academic quality, and to achieve the University's overall mission;
2. The full cost of attending the University, including the cost of housing, food, healthcare, books and supplies, transportation, and other academic and personal expenses;
3. The amount of support available from various sources to assist needy students in funding the full cost of their education;
4. Overall State General Fund support for the University; and
5. The full cost of attendance at comparable public institutions.

The President annually shall solicit faculty and student views on the level of Tuition through the appropriate consultation processes.

B. The Student Services Fee

The University of California is committed to providing a supportive and enriched learning environment for all undergraduate, graduate and professional students. To facilitate this intent, all registered resident and nonresident students are assessed the Student Services Fee which is a Universitywide mandatory charge.

Income generated by the Student Services Fee (formerly referred to as the University Registration Fee) shall be used to support services and programs that directly benefit students and that are complementary to, but not a part of, the core instructional

program. These services and programs include, but are not limited to, operating and capital expenses for services related to the physical and psychological health and well-being of students; social, recreational, and cultural activities and programs; services related to campus life and campus community; technology expenses directly related to the services; and career support. These services and programs create a supportive and enriched learning environment for University of California undergraduate, graduate and professional students.

Increases in the Student Services Fee should have a return-to-aid component that is the same percentage as the return-to-aid component of increases in Tuition.

Annually the President shall review the Student Services Fee and recommend to the Board the appropriate fee level after considering a variety of factors, including but not limited to: needs and priorities of undergraduate, graduate and professional students; inflation and other budgetary cost increases; creation of new programs or services; and overall budget priorities of the University.

At each campus, the Chancellor or his/her designee annually shall solicit and actively consider student recommendations, with the intent of honoring as much as possible student recommendations on the following: the use of Student Services Fee revenue; and the annual Student Services Fee to be set by the Regents. Student recommendations shall be provided by each campus' Student Fee Advisory Committee recognized by the systemwide Council on Student Fees.

Each campus will maintain a website that provides details on how the Student Services Fee has been allocated relative to the recommendation of the Student Fee Advisory Committee.

Each campus should refer to administrative guidelines issued by the President that provide additional guidance around the use of Student Services Fee revenue, Student Fee Advisory Committees, Student Services Fee reports, and student fee websites.

C. Notification to Students

To assist students and their parents in planning for future educational expenses, the President shall report annually to the Board the proposed fee levels for Tuition and the Student Services Fee for the next academic year.

Regents Policy 3103: Policy on Professional Degree Supplemental Tuition

Approved January 21, 1994. Amended July 2007, September 2007, March 25, 2010, November 18, 2010, and July 18, 2012.

1. Professional Degree Supplemental Tuition shall be assessed to students enrolled in graduate professional degree programs, as determined by The Regents, to sustain and enhance the quality of the professional schools' academic programs and services.

2. Revenue from Professional Degree Supplemental Tuition will remain with the campuses and will not be used to offset reductions in State support.

3. The President, in consultation with the Provost, shall submit for the Regents'

approval Professional Degree Supplemental Tuition levels from the campuses, within the context of such multiyear plans as the Provost requires for each program.

4. The Provost is responsible for ensuring that the leadership of each campus engages in appropriate multiyear planning of Professional Degree Supplemental Tuition increases for each professional degree program in a manner that effectively advances the program's mission and strategic academic plan.

5. Each professional degree program shall submit a Professional Degree Supplemental Tuition plan to the Provost, pursuant to a submission schedule communicated to the program by the Provost. At a minimum, the Provost will require a multiyear plan (i) for each program for which Professional Degree Supplemental Tuition is proposed to be newly assessed; (ii) for each program that proposes Professional Degree Supplemental Tuition that exceeds the amount proposed in its most recent multi-year plan; and (iii) for each program, at least every three years. In developing a program's multi-year plan, the following factors are among those to be taken into consideration: the amount of resources required to sustain academic quality at, and enrollments in, the particular professional degree program; the ability of the program to remain competitive with other institutions of similar quality; the cost of education for each specific degree program; the resident and nonresident tuition and fees charged by comparable public and private institutions for each specific program; and other market-based factors (such as scholarship and grant support) that permit the degree program to compete successfully for students. Within this context, different Professional Degree Supplemental Tuition levels may be set for professional programs in the same discipline at different campuses.

6. Financial aid targeted for students enrolled in professional degree programs is necessary to ensure access to the degree program, and to minimize financial barriers to the pursuit of careers in public service. The Provost is responsible for ensuring that each campus complements its proposed multi-year plans for professional degree programs with financial aid measures, including scholarships, grants and loan repayment assistance programs, to adequately meet these goals. Financial aid sources should be supplemented by an amount equivalent to at least 33 percent of new Professional Degree Supplemental Tuition revenue or by an amount necessary to ensure that financial aid sources are equivalent to at least 33 percent of all Professional Degree Supplemental Tuition revenue. Campuses will regularly evaluate and report on the effectiveness of these financial aid measures.

7. The following conditions are adopted for future Professional Degree Supplemental Tuition increases:

A. Access and inclusion are among the University's core commitments, and student affordability is a vitally important component to a public education system. Any increases in Professional Degree Supplemental Tuition must be justified by programmatic and financial needs, but also must not adversely affect the University's commitment to access, inclusion, and keeping the door open for students interested in pursuing low-paying public interest careers.

B. With this sentiment in mind, if a professional school unit wishes to propose a Professional Degree Supplemental Tuition increase greater than 6 percent or in excess of the percentage increase in Tuition for a given year, it must submit a plan, endorsed by its chancellor, describing academic and/or programmatic reasons for the requested increase and describing policies to ensure or enhance access and inclusion in the face of the rising charges.

C. Each plan should consider the following (including expenditure projections, design parameters, and performance metrics) components:

i. Front-end financial aid such that needy students are able to pursue their academic and summer interests without regard to financial considerations.

ii. Loan forgiveness programs (or some equivalent alternative program) for, among others, students interested in pursuing low-paying public service jobs such that their debt from professional school does not unduly restrict their career decision.

iii. A strategy for inclusion of underrepresented groups.

iv. A detailed marketing and outreach plan to explain financial aid and loan forgiveness.

D. Each unit's Professional Degree Supplemental Tuition plan shall also include:

i. Assurances that in any program directly supported by State 19900 funds, the total in-state tuition and fees charged will be at or below the total tuition and/or fees charged by comparable degree programs at other comparable public institutions.

ii. Information as to the views of the unit's student body and faculty on the proposed increase. This information may be obtained in a variety of ways ranging from consultations with elected student leaders and faculty executive committees to referenda. The information would be treated as advisory, but The Regents would view more favorably Professional Degree Supplemental Tuition proposals that enjoy the support of a unit's faculty and student body.

E. The Provost will provide further guidance and coordination as needed to the campuses and to elements of the Office of the President, and coordinate submission of the Professional Degree Supplemental Tuition proposals to The Regents for annual action. Chancellors will carefully review Professional Degree Supplemental Tuition proposals and the supporting plans concerning financial aid, loan forgiveness, outreach, evaluation, and implementation of corrective measures if needed (such as a Professional Degree Supplemental Tuition rollback, freeze, limit on future increases, or other financial and/or non-financial measures), and forward the Professional Degree Supplemental Tuition proposals as revised to the Office of the President.

F. Upon request of a professional program, with the concurrence of the Chancellor, the President, in consultation with the Provost, may consider and is authorized to reduce Professional Degree Supplemental Tuition for specific programs as the President deems appropriate and shall report those actions to the Regents.

Regents Policy 3104: Principles Underlying the Determination of Fees for Students of Professional Degree Programs

Approved March 15, 2007. Amended March 25, 2010 and July 18, 2012.

1. The Regents approve professional school fees according to such multi-year plans as the Provost requires for each program.

2. The Regents adopt the principle that different professional programs in the same discipline at different campuses may have fees set at different levels; and that in doing so, The Regents confirm the commitment to maintaining a single fee level for in-state undergraduate students for all campuses across the system, a single fee level for out-of-state undergraduate students for all campuses across the system, a single fee level for in-state graduate academic students for all campuses across the system, and a single fee level for out-of-state graduate academic students for all campuses across the system.

3. It is the policy of The Regents that State support for professional schools should not decline, in the event that professional differential fees increase.

4. The Regents endorse the critical importance of campus plans for targeted financial aid for students in professional degree programs to assure access and to minimize financial barriers to the pursuit of careers in public service; The Regents charge the Provost with ensuring that each campus complements its proposed professional degree fee policies with such financial aid measures, including scholarships and loan forgiveness; and that the effectiveness of such programs be evaluated regularly.

5. The Regents charge the Provost with ensuring that the leadership of each campus designs its proposed professional degree fees in a manner that effectively advances the mission and strategic academic plan of each program.

APPENDIX 2

CSU's Policy on Tuition and Fee Increases

CSU Resolution Adopted March 20, 2013, as Required by Chapter 620

- The legislature in 2010 reaffirmed “access, affordability and high quality” as “...the essential tenets of the master plan...” [Education Code Section 66002 (d)] Adjustments to mandatory systemwide fees at the CSU should always be considered with these three master plan goals in mind.
- The state has a historic commitment to fund the master plan. State law affirms this commitment specifically with regard “...to provide an appropriate place in California public higher education for every student who is willing and able to benefit from attendance.” [Education Code Section 66201] State law affirms this commitment specifically with regard to providing “...adequate resources to support enrollment growth...” and that the annual state budget act contain appropriations necessary to accommodate all California residents who are continuing undergraduate students or eligible for admission as freshmen or sophomores or transfers from community colleges. [Education Code Section 66202.5] Adjustments to mandatory systemwide fees should be based on consideration of the extent to which the state is meeting the above commitments.
- Consideration shall be given to whether a fee adjustment is necessary, in combination with existing levels of state support, to assure adequate resources to admit all California resident CSU-eligible undergraduate applicants, and to provide all students with necessary courses, high-quality programs and support services that lead to improved student success and timely graduation.
- Adjustments to mandatory systemwide fees shall take into consideration the level of state support the university receives, total costs of student attendance, potential impacts on underrepresented and low to middle-income students, as well as efforts to mitigate impacts. [Education Code Section 66028.4 (a)]
- Consideration shall be given to the percentage of CSU baccalaureate recipients who graduate with education loan debt, the average amount of that loan debt, and how these measures compare with state and national averages. Consideration also shall be given to the availability of financial aid, including work-study, tax credits and institutional financial aid. [Education Code Section 66028.2 (a)]
- Consideration shall be given to the extent to which fee rates and

institutional financial aid practices are maximizing the availability of federal financial aid, including tax credits, for CSU students and families.

- Consideration shall be given to comparisons of fee rates, as well as net costs of attendance, with other public higher education institutions in the state and the nation.
- Consideration shall be given as to whether adjustments to the fee structure would promote improvements in access to necessary courses, successful course completion, improved time to degree and graduation rates.
- Consideration shall be given as to whether the fee structure maintains adequate differentials between undergraduate and graduate/postbaccalaureate fees, in recognition of longstanding Board of Trustees policy, state priorities for access to baccalaureate education, typically higher costs of graduate/postbaccalaureate programs and typically higher benefits accruing to master's and doctoral degree recipients.
- If the state provides stable and predictable increases in funding, consideration shall be given to fee increases that are moderate, gradual, predictable and with ample notice to students.

The Board of Trustees shall consider adjustments to mandatory systemwide fees and amendments to principles governing consideration of these fees only after appropriate consultation with the designated student association has taken place, as required by state statute and CSU fee policy. [Education Code Sections 66028.3 and 66028.4 (b)]