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The Mandatory Fees Its Campuses Charge Receive Little Oversight Yet They Represent an Increasing Financial Burden to Students

Background

The California State University (CSU) system serves more than 480,000 students at 23 campuses throughout the State and is administered by a 25-member Board of Trustees (trustees). The trustees appoint the chancellor of the CSU—the CSU’s chief executive officer—who must ensure that the system functions properly, develops and oversees its budget, and sets CSU policy. CSU receives the majority of its funding from the State’s General Fund and revenue from students, who pay tuition and student fees. The trustees set tuition, which is the same across all 23 of its campuses, while fees are generally campus-based and therefore vary by campus. Some campus fees are in exchange for specific optional services while others are mandatory and students must pay them in order to enroll at the campus. We conducted an audit of these mandatory fees at four CSU campuses.

Key Recommendations

To ensure proper oversight of mandatory fees and reduce financial burdens to students, we recommended that the Legislature do the following:

- Determine an effective centralized way to fund the core functions that mandatory fees currently pay for and prohibit CSU campuses from charging mandatory fees to pay for core functions.
- Require campuses to hold binding student votes when seeking to establish or increase any mandatory fee.

The Chancellor’s Office should do the following:

- Revise its fee policy to require campuses to justify fee amounts by providing supporting documents that demonstrate the need for and amount of the fees, and the lack of other funding sources.
- Increase the rigor of its fee proposal review and approval process for new or increases to existing fees to ensure it detects violations of the fee policy.

Key Findings

- Though tuition has remained relatively flat due to tuition freezes the Legislature has negotiated with the CSU, campuses systemwide have steadily increased revenue they receive from mandatory fees.
 - » Since academic year 2011–12, the total amount of mandatory fees across all 23 campuses increased 56 percent while tuition only increased 5 percent.
 - » Systemwide revenue from mandatory fees increased from \$437 million to \$696 million during the same period. If the trend continues, mandatory fee revenue will total nearly \$1 billion by fiscal year 2024–25.
- Because several financial aid programs’ awards do not increase with rising mandatory fees, these fees present a significant financial burden to some students—the majority of students at campuses we reviewed paid for mandatory fees using student loans or by paying out-of-pocket.
- CSU relies primarily on tuition and General Fund revenue to support its core functions of instructing and graduating students; however, campuses spent millions of dollars of revenue from mandatory fees to support these same functions. Unlike tuition, mandatory fees have not received the same oversight and transparency, limiting the Legislature’s influence over student costs.
- The Chancellor’s Office fee policy for establishing, increasing, and overseeing mandatory fees is flawed and does not ensure adequate accountability to students.
 - » For eight of the 13 fee proposals we reviewed, campuses used flawed rationales or insufficient analyses to justify the proposed amounts of mandatory fees they established or increased.
 - » The Chancellor’s Office has not ensured that campuses adequately consult with students when establishing or increasing mandatory fees—instead of conducting student votes, campuses sometimes used consultation processes that we found were problematic and limited student input.