

**ASSEMBLY BILL**

**No. 462**

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**Introduced by Assembly Member Price**

February 24, 2009

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An act to add Article 3.5 (commencing with Section 66026) to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education Code, and to add Section 17044 to the Revenue and Taxation Code, relating to public postsecondary education, and making an appropriation therefor, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 462, as introduced, Price. Public postsecondary education: systemwide fees: limitations: tax levy.

(1) The Donahoe Higher Education Act sets forth, among other things, the missions and functions of California's public and independent segments of higher education and their respective institutions of higher education. The act establishes the California State University, under the administration of the Trustees of the California State University, and the University of California, under the administration of the Regents of the University of California, as 2 of the segments of public postsecondary education in this state. The act provides that it applies to the University of California only to the extent that the regents act, by resolution, to make it applicable.

This bill would establish the College Affordability Act of 2009. The bill would limit, notwithstanding any law and commencing with the 2010–11 fiscal year, the systemwide tuition and fees charged to resident undergraduate students at the California State University and the University of California to those in effect during the 2009–10 academic year. Commencing with the 2015–16 fiscal year, the bill would limit

any increase in statewide tuition and fees to the annual percentage change in the California Consumer Price Index for the prior year. The bill would apply to the University of California only if the regents, by resolution, make it applicable.

The bill would create the College Affordability Funding Accountability Panel. The panel would be required to annually review the expenditure of funds received pursuant to the tax created in (2) and provide an accountability update to the public that would be posted on the California State University and University of California Internet Web sites.

(2) The Personal Income Tax Law provides for specified treatment and calculations with respect to the taxation of the income of residents, nonresidents, and part-year residents.

This bill would, in addition, for each taxable year beginning on or after January 1, 2010, impose an additional tax at the rate of 1% on that portion of a taxpayer's taxable income in excess of \$1,000,000. Revenue from the additional tax would be deposited in the General Fund. Sixty percent of these revenues would be credited to the College Affordability Fund, which the bill would create. The bill would continuously appropriate the money in that fund to the California State University and the University of California. The bill would require that the funds be used to offset increased costs of educating resident undergraduate students attending the California State University and the University of California thereby mitigating the need for increases in student tuition and fees. In the event that the provisions of the bill would not apply to the University of California, the bill would require the California State University to receive all of the revenues that would have been allocated to the University of California. This bill would provide that its provisions are severable.

(3) This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 3.5 (commencing with Section 66026) is  
2 added to Chapter 2 of Part 40 of Division 5 of Title 3 of the  
3 Education Code, to read:

4  
5 Article 3.5. College Affordability Act of 2009  
6

7 66026. This act shall be known, and may be cited as, the  
8 College Affordability Act of 2009.

9 66027. The Legislature finds and declares as follows:

10 (a) Education is the foundation of our society and maximum  
11 efforts should be made to help all students attend college.

12 (b) The State of California has a historical commitment to  
13 making higher education accessible and affordable for all eligible  
14 students.

15 (c) California's 21st century economy needs a strong public  
16 university system that is accessible and affordable to all  
17 Californians and can provide an educated workforce.

18 (d) Student tuition and fees, at the University of California and  
19 the California State University has almost doubled in the past six  
20 years, making it much more difficult for California families to  
21 send their children to college.

22 (e) According to a recent study released by the Public Policy  
23 Institute of California, nearly two-thirds of Californians believe  
24 that a person must have a college education to succeed in today's  
25 workplace and that the cost of college prevents qualified, motivated  
26 students from pursuing higher education. Eighty-four percent of  
27 residents, an overwhelming share, believe college affordability is  
28 a problem.

29 (f) This article will help give all of California's children the  
30 opportunity to attend college by freezing statewide mandatory  
31 tuition and fees paid by resident undergraduate students at the  
32 California State University and University of California and  
33 provide additional funding for these institutions.

34 66028. (a) For purposes of this article, "base year" means the  
35 statewide mandatory tuition and fees paid by resident  
36 undergraduate students to attend the California State University  
37 or the University of California in the 2009–10 academic year.

1 (b) Notwithstanding any law, commencing with the 2010–11  
2 fiscal year and continuing for a period of five years, there shall be  
3 no increase in the amount of systemwide tuition and fees charged  
4 to resident undergraduate students at the California State University  
5 and University of California. The amount of systemwide tuition  
6 and fees charged to those students shall not exceed the tuition and  
7 fees in effect as of the base year. Commencing with the 2015–16  
8 fiscal year, any increase in the amount of statewide tuition and  
9 fees charged to resident undergraduate students at the California  
10 State University and University of California shall not exceed the  
11 annual percentage change in the California Consumer Price Index  
12 for the prior year.

13 (c) This article and Section 17044 of the Revenue and Taxation  
14 Code shall apply to the University of California only if the Regents  
15 of the University of California, by appropriate resolution, make  
16 them applicable.

17 66029. (a) There is hereby established the College  
18 Affordability Funding Accountability Panel. The panel shall be  
19 comprised of six members appointed by the Governor for a term  
20 of two years, including two members representing administrators,  
21 two members representing faculty, and two members representing  
22 resident undergraduate students from the California State  
23 University and University of California.

24 (b) The panel shall annually review the expenditure of funds  
25 that the California State University and the University of California  
26 receive pursuant to Section 17044 of the Revenue and Taxation  
27 Code. The panel shall annually provide an accountability update  
28 to the public that details the expenditure of these funds on a  
29 campus-by-campus basis for the preceding fiscal year. The  
30 accountability update shall be posted on the California State  
31 University and University of California Internet Web sites.

32 SEC. 2. Section 17044 is added to the Revenue and Taxation  
33 Code, to read:

34 17044. (a) For each taxable year beginning on or after January  
35 1, 2010, in addition to any other taxes imposed by this part, an  
36 additional tax shall be imposed at the rate of 1 percent on that  
37 portion of a taxpayer's taxable income in excess of one million  
38 dollars (\$1,000,000).

39 (b) The revenue from the additional tax imposed under  
40 subdivision (a) shall be deposited in the General Fund of the State

1 Treasury. Sixty percent of these revenues shall be credited to the  
2 College Affordability Fund, which is hereby created.  
3 Notwithstanding Section 13340 of the Government Code, the  
4 money in the College Affordability Fund is hereby continuously  
5 appropriated to be disbursed on an annual basis by the Legislature  
6 to the California State University and University of California for  
7 expenditure for the purposes of the College Affordability Act of  
8 2009 (Article 3.5 (commencing with Section 66026) of Chapter 2  
9 of Part 40 of Division 5 of Title 3 of the Education Code). The  
10 funds shall be used to offset increased costs of educating resident  
11 undergraduate students attending the California State University  
12 and University of California mitigating the need for other  
13 unnecessary increases in student tuition and fees. Costs eligible  
14 for funding shall include, but need not be limited to, the funding  
15 of student instructional materials, new technology, student  
16 scholarships and grants, libraries, campus safety improvements,  
17 and faculty salaries.

18 (c) The ratio of revenues allocated to the California State  
19 University and University of California pursuant to this section  
20 shall be the same ratio of the resident undergraduate statewide  
21 mandatory fee revenue collected by the California State University  
22 to the University of California in the 2009-10 academic year.

23 (d) If the Regents of the University of California do not pass a  
24 resolution pursuant to subdivision (c) of Section 66028 of the  
25 Education Code, the University of California shall receive no  
26 revenues provided pursuant to this section. In this event, the  
27 California State University shall receive all of the revenues that  
28 would have been allocated to the University of California.

29 (e) The funding established pursuant to the College Affordability  
30 Act of 2009 shall be used to supplement, and not supplant, existing  
31 levels of federal, state, and local funding for the California State  
32 University or the University of California.

33 (f) Moneys in the College Affordability Fund shall not be used  
34 for any purpose other than the purposes authorized pursuant to the  
35 College Affordability Act of 2009 and shall not be loaned to any  
36 other public entity or fund of that entity.

37 SEC. 3. The provisions of this act are severable. If any  
38 provision of this act or its application is held invalid, that invalidity  
39 shall not affect other provisions or applications that can be given  
40 effect without the invalid provision or application.

1 SEC. 4. This act provides for a tax levy within the meaning of  
2 Article IV of the Constitution and shall go into immediate effect.

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