

# AB 2505 (Santiago)

## CSU Budget Transparency and Accountability

### **Bill Summary**

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AB 2505 will increase transparency in the spending of state funding by the California State University at the system level and by each campus. AB 2505 will ask the CSU to report to the Legislature on its budgeting practices in specific areas and it will require regular financial audits.

### **Existing Law**

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The CSU provides undergraduate and graduate instruction on its 23,000 campuses and enrolls 405,000 students. An additional 300,000 students are served by continuing education programs.

Education Code Section 89290 requires the CSU to report biennially to the Legislature and DOF the total costs of education at the CSU. Costs shall be reported by fund source and shall be reported on a systemwide basis and campus by campus basis.

### **Background**

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The State grants the CSU significant budget discretion and flexibility. Unlike other state departments and agencies, the CSU is exempt from the authority of the director of the Department of Finance (DOF) to adjust budget allocations to reflect net savings, from being subject to DOF's authority to determine how unused amounts allocated to CSU in the prior year will be used in the current year, and from budgeting for specific employee positions.

Under existing law, the CSU system is allocated funding annually through the state budget process. This funding is directed to the Chancellors Office and then it subsequently delegated to each campus. Executive Order 1000 issued in July 2007 by the CSU Chancellor's office designated each campus president as the person responsible for ensuring the campus expenditures.

### **Need for AB 2505**

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The State Auditor recently found that campuses do not adequately oversee their budgets. Specifically, campuses do not have written policies requiring periodic comparisons of spending levels to budget limits, and most campuses did not retain documentation demonstrating that they consistently performed such comparisons, which precludes accountability and transparency.

Last year, the CSU Board of Trustees increased tuition and is on track to do so again this year. As noted in the January 2018-2019 summary of the state budget, "The Administration remains concerned about the impact of tuition increases on lower income students and families and believes that more must be done to reduce the universities' cost structure. Further reforms should be implemented before the segments consider charging students more".

The report and financial audit called for in AB 2505 will help identify potential ways to reduce the CSU's cost structure systemwide and at the campus by campus level to ensure that state funding is being on student success measures; appropriate hiring practices; and increasing enrollment.

### **Support**

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California Faculty Association (Sponsor)

### **For More Information**

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