Summary
This bill will require any college or university that accepts state funding to undergo an outside financial audit if a budget increase or tuition increase request is higher than the formula listed below.

Model Legislation
{Title, enacting clause, etc.}

Section 1. {Short Title} This Act may be cited as the College Funding Accountability Act.

Section 2. {Definitions}
(A) “College or University” means any school of secondary education that receives financial support from the state.

(B) “Cost of Living” means the Consumer Price Index (all items) for the United States of America, or any comparable index, as computed by the Bureau of Labor Statistics of the Department of Commerce of the United States for a 12 month period of time.

(C) “Population” means the number of people residing in the state, excluding armed forces stationed overseas, as determined by the United States Bureau of the Census.

Section 3. (The Scope of the Act)
(A) Each college or university that requests an appropriation from the state that exceeds monies received in the prior fiscal year, except for allowances for cost-of-living and population, must submit to an outside financial audit to determine if the additional increase in funding is both necessary and prudent to meet the financial needs of the college or university.

(B) Each college or university that requests authorization for a tuition increase more than monies received in the prior fiscal year, except for allowances for cost-of-living and population, must submit to an outside financial audit to determine if the additional increase in funding is both necessary and prudent to meet the financial needs of the college or university.

(C) Responsibility for the cost of the outside audit will fall to the legislature.

Section 4. (Emergency clause) The limitations imposed by Section 3 may be exceeded upon the declaration of an emergency by the governor and upon a two-thirds vote of all members elected to each House of the legislature concurring therein. The limitation may be exceeded only for the year(s) in which the emergency is declared.

Section 5. (Severability clause.)

Section 6. (Repealer clause)

Section 7. {Effective date.}
Adopted by ALEC’s Education Task Force at the Fall Task Force Summit November 13, 1999. Approved by full ALEC Board of Directors December, 1999

From CMD: This “model” legislation requires colleges and universities that accept public funding to participate in a financial audit if a budget increase or tuition increase request is higher than a certain amount. This is a way for legislators to control tuition-setting in those states where governing boards set tuition without additional oversight. This rule does not appear to be applicable to private schools that accept public funds through grants or scholarships.