

# California State Senate

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February 11, 2026

Chair Assemblymember John Harabedian  
Joint Legislative Audit Committee  
California State Legislature  
Legislative Office Building  
1020 N Street, Room 107  
Sacramento, CA 95814

## **Re: Request for State Audit of Learning Management System (LMS) Procurement and Cost Efficiency Across California's Higher Education Systems**

Dear Chair and Members of the Joint Legislative Audit Committee,

I respectfully submit this request for the Joint Legislative Audit Committee to authorize an audit of procurement practices, contract structures, and per-student costs pertaining to Learning Management Systems (LMS) in use across California's three public higher education segments: the California Community Colleges (CCC), California State University (CSU), and the University of California (UC) systems.

A learning management system (LMS) is a software application for the administration, documentation, tracking, reporting, automation, and delivery of educational courses, training programs, materials or learning and development programs. Learning management systems experienced massive growth in usage due to the emphasis on remote learning during the COVID-19 pandemic.

### **Purpose of the Audit: Protecting Public Investment and Ensuring Market Competition**

Over the past several years, a single LMS platform has come to dominate the California higher education market. In September 2018, the CSU Board of Trustees executed a contract with Instructure to provide a Canvas Cloud Subscription for CSU Fresno. The term of the \$1.6 million contract was from January 1, 2019 through June 30, 2024 and included a provision that

allowed CSU to transfer the service for Fresno into a larger Master systemwide agreement. Furthermore, in February 2022, the contract was extended through June 30, 2027.

While the intent of selecting a single platform across systems and campuses may have been to increase interoperability and student mobility between institutions, the resulting effect has been a near-total monopoly on LMS procurement and implementation, reinforced by long-term contracts and centralized mandates.

This lack of competition raises concerns about price inflation, reduced service accountability, slowed innovation, and diminished bargaining power for public institutions. More importantly, the absence of a healthy, competitive vendor environment risks burdening institutions and taxpayers with unnecessary costs, particularly in a time when our systems are under pressure to do more with less.

### **Why This Matters Now: Rising Costs and Shrinking Budgets**

The State of California is currently confronting tight budgets and tough tradeoffs. Every dollar spent on duplicative or inflated technology contracts is a dollar that cannot be spent on financial aid, faculty recruitment, mental health services, or workforce programs. Similarly, our students – many of whom are low-income, first-generation, or working adults – are depending on systems that should be both cost-effective and pedagogically forward-looking at a time when education is expected to be more agile and cost-effective in supporting their program completion and work-integrated upskilling.

Many institutions in other states have achieved significant cost savings by competitively procuring LMS platforms, negotiating more flexible contracts, or exploring LMS solutions tailored to competency-based education, continuing education, and career technical training. California must ensure it is not overpaying for a one-size-fits-all platform that may no longer align with modern instructional needs.

An audit of California's higher education systems' use of LMS is not only timely but necessary to ensure transparency, competition, and fiscal responsibility in one of the most significant technology investments underpinning public higher education in California.

I respectfully request that the audit examine the following areas at each of the three systems of higher education in California including at a selection of campuses within each system:

#### **1. Procurement and Contracting Processes**

- Did each of the CCC, CSU and UC systems follow applicable laws, rules, and regulations when engaging in the procurement process to select their current LMS vendor? Did the procurement processes follow best practices for ensuring full competition from multiple LMS vendors? Did the systems undertake or facilitate a rigorous and open review process?

- In the case of CCC, what was the justification for using the Foundation for California Community Colleges in the procurement process? What impact did the foundation's participation have on the procurement process, potential incentives, contract pricing and terms?
- How did the CCC, CSU and UC systems, determine the contract terms that they were party to or would otherwise endorse, including the duration of each contract?
- Are the timeframes for the contracts appropriate given the pace of technology advancements and innovation?
- Did the CCC, CSU, and UC systems direct or otherwise influence campuses use of a particular LMS?
- Do the terms in each contract limit campuses' ability to adapt to unique and evolving needs, and do they allow for necessary campus flexibility and innovation?

## **2. Cost Transparency and Budget Impact**

- What is the actual per-student cost that each system and their respective campuses pay under the current LMS contracts? What LMS modules are included in that per-student cost; and if additional products, services and support are available, what is the pricing structure for those components?
- How do the costs paid by the CCC, CSU, and UC systems (and campuses) for the LMS compare to those incurred by other public college and university systems for the same and other LMS products?
- Are there different pricing models across the three systems and their respective campuses, and if so, are they justified and what is the impact on each system's budget?
- What impact does the pricing structure in the contracts, including price escalators, have on campuses, particularly those with smaller enrollments or non-traditional programs?
- What would be the impact on CCC campuses in terms of LMS access and pricing if there is a change in state funding or if the Foundation cancelled the agreement?

## **3. Effectiveness and Innovation**

- Do the respective systems have processes to evaluate the effectiveness of the LMS that they contracted for (including through the Foundation) or otherwise directed in meeting the campuses' programs and strategies as well as the needs of their administrators, faculty, and students?

- Have the respective systems evaluated the LMS used by their campuses? If so, what are the results of those evaluations and what options do the systems have if they determined that the LMS isn't meeting expectations from both a service and cost perspective?
- Are Continuing Education, Virtual, Career Technical Education, Competency Based Education, or non-credit programs being underserved by the current LMS when compared to learning management systems being adopted by similar programs and institutions elsewhere in California and in other states? Are these programs and populations being considered by system and institution evaluations?

### **Potential Benefits of This Audit**

This audit presents a cost-saving opportunity and a chance to reinforce good governance:

- Ensure taxpayer funds are being used efficiently by determining whether current LMS systems are providing services as intended.
- Encourage competitive procurement that could lead to better pricing, service levels, and product features.
- Empower institutions to make more flexible, future-oriented decisions in serving diverse student populations and non-traditional programs.
- Support equity by ensuring the digital learning experience is accessible and effective for all students, particularly those in under-resourced or rural campuses.

### **Conclusion**

This audit is not about targeting any specific company or platform. Rather, it is about defending California's tradition of leadership, transparency, and innovation in public education. By investigating how LMS procurement has evolved—and whether it has veered too far into a monopoly-driven framework—we can protect the long-term financial health of our institutions and create a more competitive, student-focused learning ecosystem.

Thank you for your leadership and consideration of this request.

Sincerely,



Senator Melissa Hurtado