

Date of Hearing: April 18, 2017

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 1166 (Burke) – As Introduced February 17, 2017

**[Note: This bill is doubled referred to the Assembly Privacy and Consumer Protection Committee and will be heard by that Committee as it relates to issues under its jurisdiction.]**

**SUBJECT:** Student financial aid: Cal Grant Program.

**SUMMARY:** Establishes a formula to determine the amount of Cal Grant awards for students attending nonprofit, private colleges based on the average General Fund subsidy the state provides for financially needy students attending the University of California (UC) and California State University (CSU). Specifically, **this bill:**

- 1) Establishes findings and declarations regarding California's Western Association of Schools and Colleges (WASC)-accredited, private nonprofit colleges and universities being an important part of the state's Master Plan to help meet higher education needs; and, that stable predictable funding formulas and eligibility requirements ensure the state maximizes its investment by allowing families to better plan and pay for higher education, in addition to incentivizing private nonprofit colleges and universities to enroll low-income Californians.
- 2) Establishes the maximum Cal Grant award amount for students attending private nonprofit institutions at 75 percent of the base funding per Cal Grant student at the UC and the CSU (the average state support per student plus the average Cal Grant award for UC and CSU), and phases in the maximum amounts as follows:
  - a) \$9,084 for 2017-18;
  - b) 70 percent of the amount calculated pursuant to (2) for 2018-19;
  - c) 80 percent of the amount calculated pursuant to (2) for 2019-20;
  - d) 90 percent of the amount calculated pursuant to (2) for 2020-21; and,
  - e) 100 percent of the amount calculated pursuant to (2) for 2021-22 and each year thereafter.
- 3) Requires, as a condition for the aforementioned funding, a private nonprofit postsecondary educational institution to submit performance metrics to the Association of Independent California Colleges and Universities (AICCU).
- 4) Requires AICCU, in collaboration with the public higher education segments, to determine a form and content for consistent collection and reporting of required performance metrics.

- 5) Requires AICCU to provide performance metric data in a cumulative report to the Legislature, Governor, Department of Finance, and Legislative Analyst's Office (LAO) on or before March 15, 2018, and on or before March 15 of each year thereafter.
- 6) Requires the AICCU report to include all of the following data with respect to each participating private nonprofit postsecondary educational institution:
  - a) The number of undergraduate students enrolled in that institution and the percentage who are California residents;
  - b) The number of graduate students enrolled in that institution;
  - c) The number of transfer students from the California Community Colleges (CCC) enrolled in that institution and the percentage of undergraduate students of that institution who are transfer students from the CCC;
  - d) The number of Pell Grant recipients enrolled in that institution and the percentage of undergraduate students of that institution who are Pell Grant recipients;
  - e) The number and percentage of Cal Grant recipients enrolled in that institution and their ethnic composition and the median amount of institutional aid provided to them;
  - f) The four- and six-year graduation rates for freshman entrants of that institution disaggregated by Pell and Cal Grant recipients;
  - g) The two- and three-year graduation rates for transfer students from the CCC disaggregated by Pell and Cal Grant recipients;
  - h) The number of degrees awarded annually by the institution in total and in each of the following categories:
    - i) Undergraduate students who first enrolled in the institution as freshmen;
    - ii) Undergraduate students who first enrolled in the institution as transfer students;
    - iii) Graduate students; and,
    - iv) Pell Grant recipients.
  - i) The number of degrees or credentials awarded in health-related fields, teacher preparation, and the fields of science, technology, engineering, and mathematics (STEM).
- 7) Provides that the maximum award for new Cal Grant recipients attending private nonprofit institutions accredited by WASC in 2017-18 is \$9,084, and that for new recipients in 2018-19 award year and each award year thereafter, is the amount determined, as specified in (2).

**EXISTING LAW:** Authorizes the Cal Grant program, administered by the California Student Aid Commission (CSAC), to provide grants to financially needy students to attend a college or university. The Cal Grant programs include both the entitlement and the competitive Cal Grant

awards. The program consists of the Cal Grant A, Cal Grant B, and Cal Grant C programs, and eligibility is based upon financial need, grade point average (GPA), California residency and other criteria. Maximum award amounts for CSU and UC are established in the annual Budget Act and have traditionally covered all systemwide tuition and fees. The maximum tuition award for Cal Grant A and B for students attending private for-profit colleges is \$4,000, and for students attending nonprofit or WASC-accredited for-profit institutions is currently \$9,084, but will decline to \$8,056 commencing in the 2017-18 award year (Education Code Sections 69430 - 69433).

**FISCAL EFFECT:** Unknown.

**COMMENTS:** *Urgency clause.* This measure has an urgency clause.

*Need for this measure.* According to the author, the Cal Grant maximum for students attending UC and CSU is equal to the systemwide fees. The author points out that for over a decade, the Cal Grant award amount for students attending private institutions has not been linked to any funding formula and has been "vulnerable to cuts resulting in a decline in value by 41 percent" when accounting for inflation. The author notes that the Cal Grant award for students attending private, nonprofit institutions will receive another 11.3 percent reduction for the upcoming 2017-18 school year if no action is taken beforehand.

The author states, "This process, or lack of predictability, undermines the original purpose of the Cal Grant program, which is to ensure access and affordability to a California higher education segment that best fits the needs of the student."

Lastly, the author contends that, "AB 1166 seeks to strengthen the Cal Grant program and the portability of the award. It should be noted that the majority of these students reflect the ethnic and cultural diversity of California, who are underrepresented in higher education and 45 percent of these students are the first in their families to go to college. Further, Cal Grant students at California's accredited private, nonprofit institutions are likely to complete their degree in four years at a higher rate than in any other segment."

*Cal Grants.* The state's Cal Grant program guarantees gift aid to California's high school graduates and community college transfer students who meet both financial need and academic criteria.

- 1) Cal Grant A Entitlement Awards. Students that meet income, asset and other eligibility requirements, have at least a 3.0 grade point average, and apply either the year they graduate from high school or the following year are entitled to an award that provides coverage for tuition and fees.
- 2) Cal Grant B Entitlement Awards. Students that meet income and asset thresholds (lower than Cal Grant A) and other eligibility requirements, have at least a 2.0 GPA and apply either the year they graduate from high school or the following year are entitled to a living allowance and tuition and fee assistance. Awards for first-year students are limited to an allowance for books and living expenses (\$1,678). To note, in the second and subsequent years, the award also provides tuition and fee support.
- 3) California Community College Transfer Entitlement Awards. Cal Grant A and B awards are guaranteed to every student who graduated from a California high school after June 30, 2000,

was a California resident at the time of high school graduation, transferred to a qualifying baccalaureate-degree granting institution from a CCC during the award year, was under the age of 28 at the time of the transfer, and had a minimum CCC GPA of 2.4.

- 4) Competitive Cal Grant A and B Awards. Students who are not eligible for entitlement awards may compete for a Cal Grant A or B Competitive award. The award benefits and eligibility requirements are the same as the entitlement program, but awards are not guaranteed. Annually, 25,750 Cal Grant Competitive awards are available. Of these, 12,875 (one-half) are for students who do not qualify for a Cal Grant Entitlement award, but who otherwise meet the Cal Grant requirements. The remaining awards are set aside for eligible CCC students.

*Formula provisions.* This measure establishes a formula for calculating the amount of a Cal Grant award for students attending private institutions. According to a 2005 report by the California Postsecondary Education Commission (CPEC), prior to 2001, a formula for determining grant amounts of non-public institutions similar to that established in this bill was contained in statute. According to the CPEC, this formula was developed in consultation with representatives from all of California's postsecondary education institutions as well as the LAO and the Department of Finance.

According to the CPEC, both the LAO and CSAC recommended that the Legislature return to a long-term Cal Grant policy that links the maximum award for nonpublic institutions to the weighted average General Fund subsidy the state provides for financially needy students attending the UC and CSU. CPEC recommended that, in exchange for these additional Cal Grant resources, institutions be required to annually report data on students to enable the State to determine if funding was ensuring financially needy Californians had higher education access and choice.

Additionally, the LAO, in its February 2017 "The 2017-18 Budget: Higher Education Analysis", recommended that the Legislature establish a statutory policy for private awards similar to the one in effect prior to 2000. The LAO found that if the Legislature were to use the same policy from then, the award amount would be \$16,500. Given the 2016-17 funding rate of \$9,084, the LAO found that the state would be funding 55 percent of its goal.

Lastly, the LAO recommended that depending on the specific policy adopted, the Legislature could determine the exact adjustment to make to the award in 2017-18, potentially adopting a multiyear plan to "ramp up the award over time were the policy to result in a notably higher award amount."

To note, this measure contains reporting provisions consistent with the CPEC recommendation and consistent with the reporting required of CSU and UC pursuant to AB 94 (Committee on Budget), Chapter 50, Statutes of 2013.

*Previous legislation.* AB 831 (Bonilla) of 2015, which was held on the Suspense File in the Assembly Appropriations Committee, was substantially similar in nature to this measure.

AB 1318 (Bonilla) of 2014, which was held by the author on the Senate Floor, was similar to this measure except that under AB 1318, students attending for-profit WASC accredited institutions would also have been eligible for the increased award amount.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Azusa Pacific University  
California Catholic Conference  
California Lutheran University  
Dominican University of California  
Fresno Pacific University  
Loyola Marymount University  
Marymount California University  
Mills College  
Pepperdine University  
Santa Clara University  
Simpson University  
University of La Verne  
University of Redlands  
University of Southern California  
Vanguard University  
William Jessup University  
Two individuals

**Opposition**

None on file

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