

Date of Hearing: April 9, 2013

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Das Williams, Chair

AB 1241 (Weber) – As Introduced: February 22, 2013

SUBJECT: Student financial aid: Cal Grant Program.

SUMMARY: Extends the Cal Grant Entitlement program period of eligibility from one to three years, allowing an applicant for Cal Grant A and B Entitlement Awards to submit a complete financial aid application no later than March 2 of the 4th academic year after his or her high school graduation.

EXISTING LAW provides a variety of student financial aid grant and loan programs, administered by the California Student Aid Commission (CSAC), to provide awards to needy and academically eligible students, including the Cal Grant Entitlement Programs for California residents who graduated from high school within one year.

FISCAL EFFECT: Unknown but potentially significant.

COMMENTS: Cal Grant background. The Cal Grant Entitlement Program guarantees financial aid awards to recent high school graduates and community college transfer students who meet financial, academic, and other eligibility requirements. Applicants must apply within one year of high school graduation. The state also provides a relatively small number of competitive Cal Grants to students who do not qualify for entitlement awards, half of which are set aside for community college students; these awards are capped at 22,500, and demand far exceeds supply. Cal Grants cover full systemwide tuition at the public universities for up to four years and partly contribute to tuition costs at nonpublic institutions. About 269,000 students received new or renewed Cal Grant awards in 2012-13, totaling about \$1.6 billion.

Pertinent to this bill, Cal Grant programs include the following:

- 1) Cal Grant A high school entitlement award provides tuition fee funding for the equivalent of four full-time years at qualifying postsecondary institutions to eligible lower and middle income high school graduates who have at least a 3.0 grade point average (GPA) on a four-point scale and apply within one year of graduation.
- 2) Cal Grant B high school entitlement award provides funds to eligible low-income high school graduates who have at least a 2.0 GPA on a four-point scale and apply within one year of graduation. The award provides up to \$1,473 for book and living expenses for the first year and each year following for up to four years (or equivalent for four full time years). After the first year, the award also provides tuition fee funding at qualifying postsecondary institutions.

The maximum tuition awards for Cal Grant A and B are equal to the mandatory systemwide tuition fees at the University of California (\$12,192) and the California State University (\$5,472), and \$9,223 at private for-profit and independent non-profit institutions (until 2013-14 when these award amounts will be reduced per the Budget Act of 2012).

Need for this bill. According to the author, "The sticker price of an education at a four year college or university has forced many qualified high school students to prolong their educational goals and get a job and save up enough money to cover the cost of college. Furthermore, those qualified students coming from first generation and under-resourced backgrounds are often without the counseling to explain the financial aid process for public higher education. The current eligibility requirements for the Cal Grant A and B Entitlement Program penalizes those students for their inability to access or for their decision not to attend higher education immediately after high school graduation."

Impact on Competitive Cal Grants. The Competitive Cal Grant program serves students who are ineligible for the Entitlement program, primarily older students; however, only 22,500 awards are funded a year. This bill may increase access to the Competitive Cal Grant program as many students receiving these awards would now be eligible for Entitlement awards, freeing up Competitive awards for other students.

Recent budget actions. As a result of recent budget deficits and growing costs to the program, several changes to the Cal Grant program over recent years reduced eligibility and benefits, including annual student needs assessments to maintain eligibility, a reduction in the Cal Grant B stipend amount, institutional graduation and student loan default rate thresholds for program eligibility, and a reduction in the award amount for students attending private institutions. These cuts, combined with actions taken in the 2011-12 Budget Act, impacted more than 170,000 students and reduced the Cal Grant program by at least \$194.5 million.

Other measures to expand Cal Grant eligibility. Other measures before this Committee to increase Cal Grant eligibility or benefits include:

- 1) AB 303 (Calderon) would extend eligibility to the Cal Grant Entitlement program to California residents who are current or former members of the United States Armed Forces.
- 2) AB 1085 (Gaines and Morrell) would increase the Cal Grant award for students attending private postsecondary educational institutions to \$9,708, restoring it to the level it was prior to reductions implemented in the Budget Act of 2012.
- 3) AB 1285 (Fong) would expand Cal Grant B funding by eliminating the 2% cap on the number of Cal Grant B awards that cover the first year of tuition and fees.
- 4) AB 1287 (Quirk-Silva) would remove statutory provisions requiring renewing Cal Grant recipients to meet annual income and asset criteria to maintain eligibility.
- 5) AB 1318 (Bonilla), would link the Cal Grant award amount for students attending private nonprofit colleges and universities to the average cost of educating students in the public sector.
- 6) AB 1364 (Ting) would increase the Cal Grant B access award amount to no less than \$5,900 and annually adjusts the minimum award amount by the percentage increase in the Consumer Price Index.

REGISTERED SUPPORT / OPPOSITION:

Support

California Community College Association of Student Trustees
California Competes
California Federation of Teachers
California State Conference National Association for the Advancement of Colored People
California State Student Association
NAACP Los Angeles
National Council of La Raza
Public Advocates Inc.
Southern California College Access Network
Student Senate for California Community Colleges
The Education Trust-West
The Institute for College Access & Success
University of California Student Association
Young Invincibles

Opposition

None on file.

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