

Date of Hearing: April 9, 2013

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Das Williams, Chair
AB 1364 (Ting) – As Amended: April 2, 2013

SUBJECT: Student financial aid: Cal Grant Program.

SUMMARY: Increases 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 California Consumer Price Index (CCPI), as specified. Specifically, this bill:

- 1) Increases the Cal Grant B access award amount to \$5,900.
- 2) Annually adjusts the minimum amount of the Cal Grant B access award to include the percentage increase in the CCPI, as determined by the Department of Industrial Relations, commencing with the 2014-15 academic year.
- 3) Prohibits any adjustment to the minimum award amount in the event that the CCPI decreases in any year.

EXISTING LAW defines "access costs" in the Cal Grant B Program to include books, supplies, living expenses and transportation and provides that the maximum grant for such costs shall be in an annual amount not to exceed \$1,551. Statute provides this amount may be adjusted in the annual Budget Act.

FISCAL EFFECT: Unknown but potentially significant.

COMMENTS: Background. The Cal Grant B program began as the "College Opportunity Grant" (COG) in the late 1960s. At that time policymakers acknowledged that the lowest income students needed assistance with other college costs, such as living expenses, textbooks, and supplies. In 1969-70, the first stipend was set at \$900. The stipend was approximately 20% of the indirect costs in 1989-90, as determined by the California Student Aid Commission (CSAC). Since that time it has declined in relative terms each year; last year the Governor used his veto authority to reduce the access award by 5% to \$1,473, which does not pay for the average cost of books and supplies (\$1,656) estimated by CSAC in 2011-12.

Need for the bill. According to the author, "AB 1364 will help to ensure fairness and allow California students to achieve their goals by bringing the amount of the Cal Grant access award to where it should be today if it had rightfully kept pace with inflation. Further AB 1364 ties the award to the Consumer Price Index (CPI) going forward. If this award had kept pace with inflation, it would be valued at around \$6,000 today."

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.

Combined with actions taken in the 2011-12 Budget Act, these cuts affected more than 170,000 students and reduced the Cal Grant program by almost \$200 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 1241 (Weber) would extend the Cal Grant Entitlement program period of eligibility from one to three years.
- 4) 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.
- 5) AB 1287 (Quirk-Silva) would remove statutory provisions requiring renewing Cal Grant recipients to meet annual income and asset criteria to maintain eligibility.
- 6) 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.

Previous legislation. AB 175 (Price) of 2007, which was held in the Assembly Appropriations Committee, would have indexed the Cal Grant B stipend to student costs.

REGISTERED SUPPORT / OPPOSITION:

Support

California Community College Association of Student Trustees
California Community Colleges Chancellor's Office
California Competes
California State Conference of the National Association for the Advancement of Colored People
California State Student Association
Community College League of California
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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