

Date of Hearing: April 12, 2016

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 1583 (Santiago) – As Amended March 15, 2016

SUBJECT: Community colleges: enrollment fee waiver and additional assistance

SUMMARY: Expands the California Community College (CCC) Board of Governors (BOG) Fee Waiver Program (BOGFW) to include specified categories of students, and establishes a need-based aid program to cover access costs for CCC students. Specifically, **this bill:**

- 1) Declares Legislative intent to establish the California Promise to ensure more Californians have the opportunity to access and afford community college in California.
- 2) Establishes the following findings and declarations:
 - a) California's 1960 Master Plan for Higher Education affirmed the state's commitment to a system of higher education combining exceptional quality with broad access.
 - b) The CCC system is the largest system of higher education in the U.S., offering associate degrees and certificates in more than 175 fields to 2.1 million students on 113 campuses.
 - c) For every dollar California invests to get students into and through college, the state receives a \$4.50 net return on investment.
 - d) In 2025, California faces an estimated shortage of one million college degree and certificate holders needed to sustain the state's workforce.
 - e) To meet the demand for college degree and certificate holders, California has and must continue to invest significantly in need-based financial aid for CCC students, including the Board of Governors Enrollment Fee Waiver Program (BOG Fee Waiver Program) and the Cal Grant Program.
 - f) The BOGFW offsets tuition and fees for more than 60% of full-time CCC students and nearly half of all CCC students, with the only requirements being that students demonstrate financial need and meet reasonable academic progress standards.
 - g) Despite the many strengths of the BOGFW, eligibility is currently limited to students with a minimum need of \$1,104.
 - h) CCC access and affordability are not exclusively tied to tuition and fees; for instance, nontuition costs such as textbooks, transportation, food, housing, and other college-related expenses can represent more than 90% of the total cost of attending CCC, thereby preventing students from successfully enrolling in and completing CCC.
 - i) Although California has devoted considerable resources to need-based aid at the CCC, not every student with need is able to access or receive aid to offset tuition or non-tuition expenses.

- j) It is the intent of the Legislature to ensure all Californians with financial need are able to access and afford CCC.
- 3) Amends the BOGFW eligibility criteria to include:
- a) Students who demonstrate eligibility according to income standards established by regulations of the BOG, with income standards set no lower than three times the current federal poverty level; and,
 - b) Students who demonstrate financial need of at least one dollar, in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid.
- 4) Requires, by January 1, 2018, BOG to ensure a fee waiver application is available to be completed and submitted electronically by students at each CCC.
- 5) Requires BOG to establish a need-based aid program to provide fee waiver recipients with financial resources, not to exceed one thousand dollars (\$1,000) per student per year, to offset a portion of the costs of textbooks, supplies, transportation, and other living expenses.
- 6) Provides for reimbursement to local agencies and school districts if the Commission on State Mandates determines that this bill contains mandated state costs.

EXISTING LAW:

- 1) Requires a BOGFW for any students who meet all of the following requirements:
- a) Meets minimum academic and progress standards, as adopted by BOG;
 - b) Meets one of the following criteria:
 - i) At the time of enrollment, is a recipient of benefits under the Temporary Assistance for Needy Families program, the Supplemental Security Income/State Supplementary Payment Program, or a general assistance program; or,
 - ii) Demonstrates eligibility according to income standards established by regulations of the BOG; or,
 - iii) Demonstrates financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid. (Education Code Section 76300).
- 2) The 2015-16 Budget Act provided \$39,000,000 to be distributed to students receiving the Cal Grant B Access Award and taking 12 units or more. The CCC Chancellor's Office was required to determine the number of students eligible for funding and distribute an equal amount of funding to each student. In September of 2015, the Chancellor's Office announced the Full-Time Student Success Grant to provide an additional \$600 supplement to qualified students. The Governor's 2016-17 January Budget proposes to continue this program.

FISCAL EFFECT: Unknown.

COMMENTS: *Purpose of this bill.* According to the author, "in 2025, California faces an estimated shortage of 2.4 million college degree and certificate holders. To meet the demand, California has and must continue to invest significantly in need-based financial aid for CCC students. Despite the many strengths of the BOGFW, eligibility is currently limited to students who demonstrate financial need via various methods, and these methods can unfortunately exclude various students with low to lower-middle income and/or financial need. Furthermore, CCC access and affordability are not exclusively tied to tuition and fees; for instance, non-tuition costs can represent more than 90 percent of the total cost of attending community college. These costs can prevent students from successfully enrolling in and completing community college. This bill strengthens and expands the BOGFW to ensure more Californians have the opportunity to access and afford community college."

BOGFW income limitations. In 1984, California enacted the first CCC enrollment fee at \$5 per unit, with a maximum of \$50 per semester and \$100 per year. Simultaneously, the BOG was required to establish a financial aid program to negate the effect of the introduction of enrollment fees on access for low income students (BOGFW). The program was designed to make sure that students with financial need did not face a barrier to enrollment. As previously outlined, there are three income-based pathways to qualify for the BOGFW. This bill increases eligibility pools under two of these existing pathways:

- 1) Demonstrating income eligibility. BOG regulations (5 CCR §58620) establish income standards that require students (or families) to have total income in the prior year of equal or less than 150% of the U.S. Department of Health and Human Services Poverty Guidelines. In 2016, for a family of four, this amount is \$36,450. This bill would require the BOG to establish an income standard of no less than three times the federal poverty level. In 2016, this amount, for a family of four, would be \$72,900.
- 2) Demonstrating need eligibility. Until 2012, the BOGFW was awarded to any student demonstrating at least \$1 of financial need. In 2012, in response to a growing population of students applying for and receiving BOGFW, a policy change was made to require students to demonstrate full need for the aid awarded; \$1104 based on current CCC fees. Approximately 21,000 students lost BOGFW in 2012-13 due to this change. This bill would return need eligibility to the \$1 threshold.

Approximately 60% of full-time CCC students receive a BOGFW. The rationale for increasing the income limitation (#1 above) to three times the federal poverty level is unclear. The author and committee may wish to consider whether this change could inadvertently encourage students to complete a BOGFW and forgo the Free Application for Federal Student Aid (FAFSA) or Cal Grant application (which may provide students additional financial aid). Other changes in the bill (#2 above) would provide students with any need above \$1 eligibility for a BOGFW.

In the absence of clear justification for doubling the income threshold for the BOGFW, committee staff recommends removing this provision.

BOGFW non-tuition award. In addition to the aforementioned changes, this bill would require the BOG to establish a need-based aid program to provide BOGFW recipients with financial resources, not to exceed \$1,000 per student per year, to offset a portion of the costs of textbooks, supplies, transportation, and other living expenses. Currently, the bill does not provide guidance to the BOG in establishing this grant. Details may largely be dependent on the amount of

funding available for the program; the bill is currently silent on whether funding would come from the Proposition 98 funding guarantee provided to CCC.

Committee staff recommends including a requirement that, to be eligible for the non-tuition award, students file a FAFSA. Moving forward, the author may wish to establish additional criteria such as full-time enrollment or minimum academic performance criteria. Additionally, the author may wish to clarify how this grant is intended to work with the Full-Time Success Grants funded in the 2015-16 Budget Act.

Related legislation. This bill is a part of a package of bills introduced by Assembly Members to establish a CCC Promise Program to ensure affordability and success for CCC students. Other bills in the package include: AB 1721 (Medina), pending in this Committee, which would expand the Cal Grant Program to increase aid to CCC students; and, AB 1741 (Rodriguez), pending in this Committee, to provide funds to CCC districts to implement California Promise Partnerships between school districts, California's public universities, and community stakeholders.

REGISTERED SUPPORT / OPPOSITION:

Support

California Primary Care Association

Opposition

None on File

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