

Date of Hearing: April 12, 2016

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 1721 (Medina) – As Introduced January 28, 2016

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

**SUMMARY:** Makes various changes to expand the Cal Grant Program with the intent to provide additional financial aid resources to California Community College (CCC) students. Specifically, **this bill:**

- 1) Increases the Cal Grant B access award, which can be used by students for tuition, student fees, and access costs from, as authorized in statute, \$1,551 to \$3,000. This amount would continue to be authorized to be adjusted in the annual Budget Act (currently established in the Budget Act at \$1,648).
- 2) Extends, for the California Community College (CCC) Transfer Entitlement Program (Transfer Entitlement), the age limitation for a qualified awardee from 28 to 31 years of age.
- 3) Extends, for the CCC Transfer Entitlement, the required transfer period from requiring that a qualifying awardee have attended a CCC in the academic year immediately preceding the award year to requiring attendance no more than three academic years before the award year.
- 4) Increases the number of Competitive Cal Grant awards from 25,750 to 30,000.

**EXISTING LAW:**

- 1) Establishes the Cal Grant program, administered by the California Student Aid Commission (CSAC), to provide tuition and access cost assistance to eligible students attending qualified institutions:
  - a) 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.
  - b) Cal Grant B Entitlement Awards. Students that meet income and asset (lower thresholds 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. In the second and subsequent years, the award provides tuition and fee support.
  - c) CCC 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.

- d) 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, 50 percent 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.
  - e) Cal Grant C Awards. Students attending qualifying occupational, technical, and vocational programs are eligible for up to \$547 for books and equipment and \$2,462 for tuition and fees.
- 2) 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 (commencing 2013-14), and for students attending non-profit or WASC-accredited for-profit institutions is \$8,056 (commencing 2015-16). CCC students do not receive a Cal Grant tuition award as the Board of Governors (BOG) Fee Waiver program fully covers enrollment fees (but not other costs of attendance) for financially needy students.

**FISCAL EFFECT:** Unknown.

**COMMENTS:** *Purpose of this bill.* According to the author, "to remain economically competitive, California will need to produce 2.4 million more degrees by 2025 than the state is currently on track to produce. Overall, only 32% of students at California colleges and universities complete credentials on time, and low-income students are much less likely than higher income students to enroll in or complete college. A major factor in a student's enrollment and success in college is his or her ability to pay for fees and tuition, textbooks, transportation, housing, food, and other access costs. California has made an important investment in need-based financial aid through the Cal Grant Program and the BOG Fee Waiver program, but despite this commitment, access grants for qualifying students are insufficient to cover non-tuition college costs, and many low-income students are left out of the program entirely. The author notes that, after taking into account the total cost of attendance and all available financial aid, on average it is more expensive for a needy student to go to a CCC than to attend the UC or CSU. This bill aims to renew California's commitment to CCC affordability by making important changes to the Cal Grant program to better assist CCC students."

*Increasing the Cal Grant B Access Award amount.* 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 CSAC. Since that time it has declined in relative terms; for 2015-16 the Cal Grant B Access Award is \$1,656, one quarter of what the original award would be worth had it kept pace with inflation. This bill would increase the award amount to \$3,000.

*Expanding the Transfer Entitlement Program.* The Transfer Entitlement provides financially needy California students whom did not receive a Cal Grant A or B award after leaving high school with a "second chance" to receive an award upon transfer to a qualifying institution.

According to information provided by CSAC, an estimated 60,000 to 75,000 transfer students could benefit from a Transfer Entitlement; approximately 17,800 award offers are made annually. CSAC indicates that the remaining students may be disqualified for a variety of reasons. This bill addresses two possible causes of underutilization in the Transfer Entitlement:

- 1) *Age limitation.* According to CSAC, increasing the age limitation from 28 to 31, as is proposed in this bill, would bring in an additional 23,600 students, and estimated 16,500 additional awards to the Transfer Entitlement.
- 2) *Gap years.* In 2012, the education budget trailer bill added a requirement to the Transfer Entitlement that students had to attend a CCC in the academic year immediately preceding the award year. This bill would provide for up to three "gap years" for Transfer Entitlement students. According to CSAC, in 2013-14 a one-year gap-year was authorized, resulting in an additional 2,280 award offers.

*Increasing the number of Competitive Cal Grant Awards.* As previously noted, the Cal Grant Entitlement Programs guarantee awards to students who meet specified GPA and income-related criteria and apply within deadlines. The majority of Cal Grant recipients (211,300 in 2013-14) receive this type of award. The majority of Cal Grant applicants, however, do not qualify for an Entitlement award because they are more than a year out of high school, decide to go to college after the Entitlement application deadline, or do not meet age or other requirements when they transfer. Competitive Cal Grant A and B awards are available to middle and low income applicants who did not receive an entitlement award. Over 300,000 applicants compete for only 25,750 awards annually; Competitive Program award recipients must significantly exceed minimum requirements. According to The Institute for College Access and Success (TICAS), denied Competitive Program applicants have an average family income of less than \$21,000, a family size of three, and GPA of 2.9. This bill proposes to increase the number of Competitive Cal Grants from 25,750 to 30,000. According to supporters, this increase will help California's neediest students take more classes, go to school full-time, and complete their college degree.

*Related legislation.* This bill is 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 1583 (Medina), pending in this Committee, which would expand the CCC Board of Governors Fee Waiver Program to include specified categories of students, and establish a need-based aid program to cover access costs for 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**

Board of Governors, California Community Colleges (Sponsor)  
Community College League of California (Sponsor)  
California Chamber of Commerce  
California Community College Association of Student Trustees  
California Competes  
California EDGE Coalition

California Immigrant Policy Center  
California State Student Association  
California State University  
The Campaign for College Opportunity  
Chabot-Las Positas Community College District  
EARN  
The Education Trust-West  
Foothill-De Anza Community College District  
The Institute for College Access & Success  
Imperial Community College District  
Kern Community College District  
Los Angeles Area Chamber of Commerce  
Los Rios Community College District  
MALDEF  
NAACP Los Angeles  
National Association of Social Workers-California Chapter  
North Orange County Community College District  
Peralta Community College District  
Public Advocates Inc.  
San Diego Community College District  
Santa Barbara City College  
Santa Monica College  
South Orange County Community College District  
Southern California College Access Network  
Student Senate for California Community Colleges  
uAspire  
Ventura County Community College District Board of Trustees  
Young Invincibles

**Opposition**

None on File

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