

Date of Hearing: April 12, 2016

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 1892 (Medina) – As Amended March 28, 2016

SUBJECT: Student financial aid: Cal Grant C awards

SUMMARY: Reforms the Cal Grant C Program to create Cal Grant C Entitlement and Competitive Award (C Entitlement / C Competitive) programs, administered by the California Student Aid Commission (CSAC), to provide need-based financial aid to students enrolled in occupational or technical training programs between four months and two years in length.

Specifically, **this bill:**

- 1) Reforms the existing Cal Grant C Program into the C Competitive program, and makes the following changes to the program:
 - a) Reduces the income limitations to align with the Cal Grant B Award program.
 - b) Establishes award amounts as follows:
 - i) \$2,462 for tuition and fees; and,
 - ii) \$547 for access costs and training related costs such as special clothing and required tools and equipment.
 - iii) \$2,462 for California Community College (CCC) students (these students do not receive the aforementioned tuition and fee award) to cover access costs and training-related costs. Requires CSAC to establish a second application deadline of September 2 for CCC students to apply for this award.
 - c) Removes the requirement for CSAC to consult with specified stakeholders regarding workforce needs and industry demands and instead requires the Chancellor of the CCC to annually provide CSAC with a regional inventory of priority and emerging industry sectors and priority occupational and technical training programs developed by CCC economic and workforce development regions. The programs must have high employer demand, high projected employment growth, high earning outcomes, or are a part of a well-articulated pathway to economic security. Requires CSAC to use this information to determine the priorities for program awards, and to publish and maintain the priority list on its website.
 - d) Requires CSAC to work with stakeholders, including the CCC Chancellor's Office to develop an outreach plan that provides information to students regarding Competitive C awards.
 - e) Requires CSAC, rather than the Legislative Analyst's Office (LAO), to report on the outcomes of the Competitive C program on or before April 1, 2017 and on or before April 1 of each odd-numbered year thereafter.

- 2) Establishes the C Entitlement program to provide an access award to CCC students enrolled in for-credit high-priority certificate or credential programs (identified by CSAC pursuant to (1)(c)) of less than one academic year in length, as follows:
 - a) Defines "academic year" to constitute two semesters or 24 semester units.
 - b) Provides the access costs shall not exceed \$3,000, and may be adjusted in the annual Budget Act.
 - c) Provides that a student is entitled to receive an Entitlement C award if, in addition to meeting eligibility requirements consistent with those of the Cal Grant A and B Entitlement Awards programs, a student satisfies all of the following:
 - i) The student is a California resident;
 - ii) The student has submitted a complete application by the third September 2 following high school graduation or its equivalent;
 - iii) The student demonstrates financial need consistent with the Cal Grant B Entitlement program;
 - iv) The student attains a high school grade point average of at least 2.0 on a four-point scale; and,
 - v) The student is pursuing a for-credit certificate or credential instructional program offered by a community college that is less than one academic year in length.

EXISTING LAW:

- 1) Authorizes the Cal Grant C program, administered by CSAC to assist with tuition and training costs at occupational or vocational programs of four months to two years in length. Since 2000-01, the total number of new annual Cal Grant C awards has been set at 7,761. The maximum award amount and the total amount of funding is determined in the annual Budget Act (\$2,462 for tuition and \$547 for non-tuition access costs).
- 2) Requires CSAC to use appropriate criteria in selecting award recipients including family income and household size, household status, and employment status of the applicant. CSAC is directed to give additional consideration to disadvantaged, low income, and long-term unemployed applicants.
- 3) Requires CSAC to consult with appropriate state and federal agencies to develop areas of occupational and technical training for which students may utilize Cal Grant C awards. These areas of occupational and technical training are required to be regularly reviewed and updated at least every five years, beginning in 2012.
- 4) Requires CSAC to give priority in granting Cal Grant C awards to students pursuing occupational or technical training in areas that meet at least two of the following criteria: high employment need, high employment salary or wage projections, and high employment growth. CSAC is required to determine areas of occupational or technical training that meet

these criteria in consultation with the Employment Development Department (EDD) using projections available through the Labor Market Information Data Library.

- 5) Requires CSAC to examine the graduation rates and job placement data of eligible programs, and commencing with the 2014-15 academic year, to give priority to Cal Grant C applicants seeking to enroll in programs that rate high in graduation rates and job placement data.
- 6) Requires CSAC to consult with EDD, the CCC Chancellor's Office (CCCCO), the California Workforce Investment Board, and local workforce investment boards to (a) publicize the existence of the grant program to long-term unemployed, and (b) develop a plan to make students receiving awards aware of job search and placement services available through EDD and local workforce boards.
- 7) Requires the Legislative Analyst's Office to submit a report to the Legislature on the outcomes of the Cal Grant C program on or before April 1, 2015, and on or before April 1 of each odd-numbered year thereafter, as specified.

FISCAL EFFECT: Unknown.

COMMENTS: *Background.* The existing Cal Grant C program provides financial aid to support California students pursuing occupational and technical training. Statute limits the number of new annual awards to 7,761, which has not changed since 2000/01. Annual Cal Grant C awards are worth up to \$2,462 for tuition and \$547 for books and supplies, and may provide support for up to two years. Students attending community college programs are only eligible to receive the smaller stipend for books, not the tuition grant, whereas students attending other schools receive a combined grant. Students who do not qualify for the entitlement Cal Grant program may become eligible for Cal Grant C, these include:

- 1) Students who meet the requirements to receive an Entitlement B award, but are enrolling in an occupational and technical training programs of less than one year in length (Entitlement B awards can be used for programs of 1 year or longer); and,
- 2) Students who do not meet the requirements to receive an Entitlement B award and did not receive a Competitive Cal Grant A or B Award.

Students are entered into the existing Cal Grant C award pool if they indicate on their FAFSA that they are entering a vocational program and submit a supplemental form to the Student Aid Commission. Based on statute, the Commission prioritizes Cal Grant C applicants pursuing training in occupations that meet strategic workforce needs and those coming from disadvantaged backgrounds.

According to information provided by CSAC, prioritization requirements in statute for the Cal Grant C Program have not been used because, since the implementation of the priority requirements, the program has not been oversubscribed. According to CSAC, of the CCC students selected for an award, only about half actually receive the award ("take rate"). In 2014-15, of the 13,715 CCC students who were awarded a Cal Grant C, only 6,535 CCC students actually received an award. The take rate for private and independent institutions is higher than that for CCC students. It is not entirely clear why the take rate in CCC is so low; some reasons provided include (1) the incentive created by the higher tuition award amount provided to for-

profit and independent institutions, and (2) a lack of financial aid staffing and outreach provided at CCCs.

Purpose of this bill. According to the author, California has prioritized workforce development at CCCs; earlier this year, the CCC Task Force on Workforce, Job Creation and a Strong Economy issued a report that included 25 recommendations to strengthen workforce education. Among its recommendations, the Task Force highlighted the importance of strengthening the Cal Grant C program and aligning the program with the CCC economic development priorities. According to the author, college affordability is a challenge that students face as they aspire to pursue workforce training. Living costs, transportation, books, and other costs that are not tuition often compromise the bulk of students' 'college expenses'. Expanding the Cal Grant C Program and aligning it to the CCC Strong Workforce program will provide students important non-tuition funding and support college access and success.

Rationale for Cal Grant C Entitlement Award. The Cal Grant A and B Entitlement Awards guarantee an award for recent California high-school graduates that meet specific academic and income eligibility guidelines. However, students who enroll in a program of less than one-year in length are not eligible for an A or B Entitlement award. According to the CCCCO, this includes programs in high-demand, high-wage career fields such as business, IT, engineering technology, health, public service and commercial services. According to CCCCO data, as many as 60,000 students graduated from these high-priority fields between 2010-11 and 2014-15. It is difficult to determine how many of these students would meet the eligibility requirements for the Entitlement C program proposed in this bill. For example, the bill requires students to be within three years of high school graduation; according to the LAO, in 2014-15, only 5% of Cal Grant C recipients were 19 or younger, and 29% were between 20 and 24.

Rationale for CCC stipend in the C Competitive Award. In its recent analysis, the LAO stated there is no policy reason to provide less of a stipend to Cal Grant C students than Cal Grant B students, and suggests changing the Cal Grant C program. The LAO suggests some options, including raising the award amount for all Cal Grant C recipients, or providing a targeted increase for community college students. This bill creates a targeted stipend increase for CCC students enrolled in high-priority programs; the amount of \$3,000, as proposed in this bill, is consistent with the increase in the Cal Grant B Access Award proposed in AB 1721 (Medina), which is also pending in this committee. Committee staff understands the author's intent is to equalize the stipend with the Cal Grant B Access Award.

Issues to consider. Moving forward, the author and committee may wish to consider the following issues and possible amendments:

- 1) *Reducing Competitive C Income Requirements.* This bill proposes to reduce the income limitation for C Competitive recipients to align with the Cal Grant B program. This change could affect students currently receiving the Cal Grant C. Committee staff has requested data from CSAC; depending on the information that is received, the author may wish to amend to ensure current Cal Grant C recipients are not harmed by this change.
- 2) *Reporting requirements.* This bill transfers Competitive C reporting requirements from LAO to CSAC and requires the first report to be submitted by April of 2018. The author may wish to extend the due date for the first report to 2019, to allow for at least one full award year prior to the issuance of the initial report.

- 3) *Entitlement C application timelines.* This bill would allow Entitlement C recipients three years post high school graduation to apply for an award; Cal Grant A and B Entitlement applicants are not provided this three-year extension. Supporters argue that this additional time allowance is appropriate for the Cal Grant C program because of the nontraditional populations of students served by CTE programs.
- 4) *Reporting on CCC take rate.* As previously outlined, only about 50% of CCC students awarded a Cal Grant C ultimately receive the award. The reasons for this low take rate are unclear. The author may wish to require CSAC and the CCCCCO to review and make recommendations to improve the C program take rate.

REGISTERED SUPPORT / OPPOSITION:**Support**

California Chamber of Commerce
California Community College Chancellor's Office (Sponsor)
California Community College Association for Occupational Education
California Economic Summit
Chabot-Las Positas Community College District
Foothill-De Anza Community College District
Kern Community College District
Los Angeles Area Chamber of Commerce
Los Rios Community College District
Peralta Community College District
San Diego Community College District
Santa Barbara City College
Santa Monica College
South Orange County Community College District
Ventura County Community College District Board of Trustees

Opposition

None on File

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