

Date of Hearing: March 28, 2017

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 19 (Santiago) – As Amended March 16, 2017

SUBJECT: Community colleges: enrollment fee waiver

SUMMARY: Waives the \$46/unit California Community College (CCC) student fee for every newly-enrolled student for one academic year, providing they attend full time by taking at least 12 units per semester. The fee waiver would cover the summer term immediately preceding the fall semester or quarter and two consecutive semesters or three consecutive quarters immediately thereafter.

EXISTING LAW:

- 1) Establishes a \$46/unit fee for students at the CCC, and waivers of such. (Education Code (EC) Section 76300.)
- 2) Provides for a waiver of fees for certain types of students, including:
 - a) Students enrolled in specified public benefit programs;
 - b) Homeless students;
 - c) Those with household incomes below certain thresholds established by the CCC Board of Governors (BOG) or with demonstrated financial need, pursuant to federal law.
 - d) Dependents or surviving spouses of California National Guard members, either killed or who died from a permanent disability, as a result of service to the state.
 - e) Surviving spouse or child of a California law enforcement officer or firefighter killed in the performance of active law enforcement or fire suppression duties or who died as a result of performing those duties.
 - f) The dependent of any California resident killed in the September 11, 2001 terrorist attacks.
 - g) The child of a United States military veteran who has a service-connected disability or was killed in action or died of a service-connected disability. (EC Sect. 66025.3.)
 - h) The child of a recipient of the Congressional Medal of Honor. (EC Sect. 66025.3.)
- 3) Provides funding through state apportionments, pursuant to provisional language in the annual budget act, to offset districts' loss of fee revenue due to the BOG waiver.
- 4) Provides Cal Grant B Entitlement awards to students meeting specified income and asset thresholds, having at least a 2.0 GPA and applying either the year they graduate from high school or the following year. Awardees 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 (\$1,678). In the second and subsequent years, the award also provides tuition and fee support.

- 5) Establishes the Full-Time Student Success Grant, which supplements the Cal Grant B access award by \$300 per semester for each CCC student enrolled in 12 or more units. This ongoing program was established in the 2015-16 Budget Act (AB 93, Weber).

FISCAL EFFECT: Based on enrollment data for 2014-15 on number of students who met the enrollment requirements of this bill and who did not already receive a BOG fee waiver, the CCC Chancellor's Office estimates annual General Fund (Prop 98) costs of about \$31 million. To the extent the opportunity for a fee waiver would provide an incentive for more students not otherwise eligible for a fee waiver to enroll and attend full-time, these annual costs would increase. (*Note: This estimate reflects a recommended amendment discussed further below.*)

COMMENTS:

Purpose. The author believes that the fee waiver offered in AB 19 will incentivize more individuals to enroll in the CCC and to attend college full-time. This will in turn offer opportunities for additional financial aid, reduce both the time it takes these students to complete their educational goals and the total cost of their college education, and will allow them to more quickly take advantage of their CCC credential.

Background. Over the 2015-16 academic year, the CCC served about 2.3 million students, with about 1.6 million students enrolling in each of the fall 2015 and spring 2016 semesters. For that same year, about one million students, or 43% of all students, received a BOG fee waiver—an equivalent of \$800 million in waived fees. The vast majority of students receiving a BOG waiver do so because of limited family income or demonstrated financial need. Specifically, the income limit is less than or equal to 150% of federal poverty guidelines, and varies with family size. For a family of four, the limit is currently \$36,375. Likewise, a student who submits the Free Application for Federal Student Aid (FAFSA) and demonstrates at least \$1,104 (24 units times \$46/unit) of financial need—based on a complex formula that determines a family's expected contribution toward the student's cost of college—is eligible for the BOG waiver. Under this criterion, a student from a family of four with income up to \$85,000 would be eligible for the fee waiver.

Around 30% of CCC students who enrolled during the fall 2015 semester (470,000) or the spring 2016 semester (430,000) took 12 or more units. This would include first-time students as well as continuing and returning students. Another 15% of students (about 240,000) took more than 9 but less than 12 units.

Who Benefits from This Bill? In addition to those who already qualify for a BOG fee waiver, AB 19 waives fees for those students enrolled for the first time in the community college system and who take at least 12 units per semester. This new waiver would only be available for a newly enrolled student's first full academic year of attendance, which would include a summer term, if the new student chose to attend in the summer, and then the immediately following fall and spring semesters. (For campuses on a quarter system, it would include the immediately following fall, winter, and spring terms.)

Based on data provided by the Chancellor's Office of the CCC, for the 2014-15 academic year, about 19,000 first-time CCC students who did not receive a fee waiver—either because they did

not qualify or did not apply—enrolled in at least 24 units during that year. While there are limitations in this data, it can be assumed that a majority of these students likely enrolled in at least 12 units during each of the fall and spring semesters. Under this bill, these students would have automatically received a fee waiver for their first full year of attendance. Since this new fee waiver would be available to *all* newly-enrolled full-time CCC students, this benefit would generally accrue to students who are less needy (including those from affluent families), compared to full-time students who currently qualify for a BOG fee waiver. Notably, the new fee waiver benefit would disproportionately assist those at campuses with relatively larger shares of non-needy students who attend school full time. In fact, about one-third of the 19,000 students referenced above attended just 12 of the system's 113 campuses, which constitute only about 18% of total CCC enrollment.

In addition to the students who attended full-time for two semesters, more than 10,000 other first-time CCC students enrolled in at least 12 units in their first semester, and would have received the fee waiver for this semester. Some of these students may not have enrolled in at least 12 units in their second semester and others may not have first enrolled until the spring semester, thus either group would only be eligible for one semester of fee waiver under AB 19.

Other Impacts. While the above discussion represents the most easily quantifiable impact of this bill, there would likely be other impacts. For example, the opportunity to obtain a fee waiver in return for full-time enrollment might induce additional first-time students to take a full course load. As mentioned earlier, last year almost a quarter-million students were, in general, only one course short of meeting the 12-unit qualifying threshold of this bill. Based on the proportion of students in the system that are first-time students (about 17%), the number who may see this new benefit as a sufficient incentive to full-time enrollment might approach the low tens of thousands.

In addition to promoting full-time enrollment, the ability of districts to provide the public with the simple message that students' first-year of community college could include no fees may spur additional enrollment demand of both part-time and full-time students, many of which would be eligible for fee waivers, either under the existing eligibility criteria or under AB 19 requirements.

AB 19 and College Promise Programs? In general, College Promise programs are partnerships seeking to align local K-12 school districts, community colleges, and public universities by providing clear pathways for students to achieve their educational goals. Such programs seek to improve college readiness, access, and the overall success of participants. Some community college districts in California, along with their school district and university partners, already have promise programs, and many other programs are in the planning stages.

As part of the 2016-17 Budget Act, the Legislature provided \$15 million in one-time competitive grants for establishing or expanding CCC promise programs. A budget trailer bill, AB 1741 (Rodriguez), was the implementing legislation for the grant program. Upon receiving and evaluating grant applications, the CCC Chancellor's Office, which is administering the program, recommended 14 districts to receive grants of either \$1.5 million (for multiple colleges within a district) or \$750,000 (for single-campus districts or for a single campus within a multi-college district). These grants were awarded by the BOG last week. As determined by the Chancellor's Office and the BOG, the successful applicants were those districts who best demonstrated how their promise program would meet the following goals:

- 1) Increase the number and percentage of high school students within the region who are prepared for and attend college directly from high school.
- 2) Increase the percentage of high school graduates within the region who are placed in college-level Math and English at a public postsecondary university in California.
- 3) Increase the percentage of students from the region who: earn associate degrees or career technical education certificates; successfully transfer from a community college to UC or CSU; graduate with a bachelor's degree.
- 4) Reduce and eliminate achievement gaps for students from groups that are underrepresented in postsecondary education.

Though not a program requirement, district applications were also given additional consideration if able to identify local public and private sources of funding to develop a sustainable program and/or to leverage new or existing sources of local and state funding to better align efforts to improve student success.

Proponents of AB 19 have described the bill as a promise program. Since the bill guarantees a one-year fee waiver to any first-time full-time student, in essence the bill is providing a promise to any prospective CCC student who elects to meet these requirements. This bill, however, does not encompass the many elements of the promise programs as discussed above, and therefore is not accurately characterized in this context.

Issues for Committee Consideration.

- 1) Should there be any income limit to qualify for the AB 19 fee waiver? Though they already receive the existing BOG fee waiver, many low-income CCC students still struggle with the other costs of college attendance. Should additional CCC Proposition 98 resources be directed to these students rather than the generally less-needy students who are most likely to benefit from AB 19?
- 2) To align more with the promise program model, should the fee waiver in AB 19 be limited only to those students who enter community college directly out of high school?

Recommended Amendments. The bill should be amended to clarify that out-of-state students enrolled in community colleges would not be eligible for the AB 19 fee waiver. A technical amendment is also needed.

Recent Assembly Budget Action. On March 14, the Assembly Budget Subcommittee #2 adopted the policy of AB 19 for inclusion in the 2017-18 state budget, including budget trailer bill language to be developed as the budget process continues.

REGISTERED SUPPORT / OPPOSITION:

Support

American Federation of State, County, and Municipal Employees (AFSCME), AFL-CIO
California Alternative Program Payment Association (CAPPA)
California Nurses Association (CNA)

Children's Defense Fund-California
Faculty Association of the California Community Colleges (FACCC)
Long Beach City College
Los Angeles Community College District (sponsor)
Los Rios Community College District (sponsor)
Lt. Gov. Gavin Newsom
Peralta Community College District (sponsor)
San Bernardino Community College District
San Diego Community College District (sponsor)
San Francisco Community College District (sponsor)
Santa Monica College

Opposition

None on file.

Analysis Prepared by: Chuck Nicol / HIGHER ED. / (916) 319-3960