

Date of Hearing: April 19, 2016

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 1961 (Baker) – As Amended March 17, 2016

SUBJECT: Student financial aid: Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program: private nonprofit postsecondary educational institutions

SUMMARY: Increases the maximum amount of the Cal Grant program for the 2017-18 award year and each award year thereafter for private, nonprofit postsecondary educational institutions from \$8,056 to no less than \$10,000.

EXISTING LAW: Authorizes the Cal Grant Program, administered by CSAC, to provide grants to financially needy students to attend college. The maximum grants for Cal Grant A and B awards, for students attending University of California (UC) and California State University (CSU) are equal to the amount of mandatory systemwide fees at the respective segments. The maximum award amount for students attending private institutions is set at \$4,000 for private for-profit institutions and for private non-profit institutions or private for-profit WASC accredited institutions, the amount is set at \$9,084, and reduces to \$8,056 beginning in 2017-18.

FISCAL EFFECT: Unknown.

COMMENTS: *Purpose of this bill.* According to the author, "this bill would bring more parity to Cal Grant students attending private nonprofit universities with those at California's public institutions. Also, stopping the 11.3 percent cut slated for 2017-18 will prevent further access limits to higher education opportunities for California students at a time when public colleges and universities are already admitting fewer Californians. Increasing opportunities for higher education in California will impact the growth of the state's economy by improving workforce development.

Background on Cal Grant Program. According to the Public Policy Institute of California (PPIC), more than half of all postsecondary students in California receive grant or scholarship aid. The primary sources of financial aid funding are the federal government (43% in 2012), the state government (23% in 2012) and institutional aid (27% in 2012).

State grant aid in California is provided primarily through the Cal Grant Program and the CCC Board of Governors Fee Waiver program. Cal Grant A awards cover full tuition and fees at UC (\$12,192) or CSU (\$5,472), up to \$9,048 at private colleges accredited by the Western Association of Schools and Colleges (WASC), and up to \$4,000 at other private colleges. Cal Grant B awards provide additional grant aid up to \$1,648 for very low-income students to help pay for access costs. Cal Grant C provides up to \$2,462 in tuition and \$547 for living expenses for vocational students.

Cal Grant A and B Entitlement Awards 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 an Entitlement 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

applicants who did not receive an entitlement award. In the Competitive program, over 300,000 applicants compete annually for 22,500 awards.

Unmet need. According to The Institute for College Access and Success (TICAS), the Cal Grant Program leaves the neediest students underserved. Less than one quarter of the lowest income aid applicants in California receives a Cal Grant and on average lower income recipients are awarded smaller grants than higher income recipients. TICAS notes that underrepresented students are also less likely to receive grants, and their grants tend to be smaller. The average student denied a Cal Grant has an average family income of less than \$21,000, a family size of three, and a GPA of 2.9. The Committee may wish to consider how the proposal contained in this bill, to increase the maximum grant amount for students attending private non-profit colleges, fits into overall higher education affordability priorities.

Prior Legislation. AB 831 (Bonilla) of 2015, and 1318 (Bonilla) of 2014 would have established a formula to determine the amount of Cal Grant awards for students attending private colleges based on the average General Fund subsidy the state provides for financially needy students attending the University of California and California State University. Additionally, these bills would have required these institutions to report on specified performance and outcome measures, consistent with reporting requirements of CSU and UC. AB 831 was held in the Assembly Appropriations Committee and AB 1318 was held by the author on the Senate Floor.

Accountability and reporting. As part of the 2013-14 Budget (AB 94, Committee on Budget, 2013), the Legislature requires the UC and the CSU to annually report on specified performance measures for the preceding academic year in order to inform budget and policy decisions, and promote the effective and efficient use of available resources. These performance measures include data on the number of transfer students, the number and proportion of low-income students, graduation rates, transfer rates, degree completions, costs per degree, the number of Science, Technology, Engineering and Math (STEM) degrees and other measures.

This bill would expend additional public resources at nonprofit, private WASC-accredited institutions through the Cal Grant Program. AB 831 and AB 1318, which also proposed to increase the maximum Cal Grant award for independent institutions, required institutions to report on performance measures similar to those contained in AB 94. The goal was to promote the effective and efficient use of state financial funds.

Suggested amendments. The author and committee may wish to consider amendments, consistent with the language included in AB 831, as approved by this committee in 2015, to require annual reporting similar to that required of CSU and UC:

- 1) Require, as a condition for increased funding, a private nonprofit postsecondary educational institution to submit performance metrics to the Association of Independent California Colleges and Universities (AICCU).
- 2) Require AICCU, in collaboration with the public higher education segments, to determine a form and content for consistent collection and reporting of required performance metrics.
- 3) Require AICCU to provide performance metric data in a cumulative report to the Legislature, Governor, Department of Finance, and Legislative Analyst's Office on or before March 15, 2017 and each year thereafter.

- 4) Require the AICCU report to include all of the following data with respect to each participating private nonprofit postsecondary educational institution:
 - a) The number of undergraduate students enrolled in that institution and the percentage who are California residents;
 - b) The number of graduate students enrolled in that institution;
 - c) The number of transfer students from the California Community Colleges (CCC) enrolled in that institution and the percentage of undergraduate students of that institution who are transfer students from the CCC;
 - d) The number of Pell Grant recipients enrolled in that institution and the percentage of undergraduate students of that institution who are Pell Grant recipients;
 - e) The number and percentage of Cal Grant recipients enrolled in that institution and their ethnic composition and the median amount of institutional aid provided to them;
 - f) The four- and six-year graduation rates for freshman entrants of that institution disaggregated by Pell and Cal Grant recipients;
 - g) The two- and three-year graduation rates for transfer students from the CCC disaggregated by Pell and Cal Grant recipients;
 - h) The number of degrees awarded annually by the institution in total and in each of the following categories:
 - i) Undergraduate students who first enrolled in the institution as freshmen;
 - ii) Undergraduate students who first enrolled in the institution as transfer students;
 - iii) Graduate students;
 - iv) Pell Grant recipients; and,
 - i) The number of degrees or credentials awarded in health-related fields, teacher preparation, and the fields of science, technology, engineering, and mathematics.

Unclear grant amount. As drafted, the bill provides that the Cal Grant award amount, as proposed, will be *no less* than \$10,000. Committee staff understands that the author's intent is that this amount could be increased, but not decreased below \$10,000, in the annual Budget Act.

REGISTERED SUPPORT / OPPOSITION:

Support

American Association of Independent Colleges and Universities
California Chamber of Commerce

Opposition

None on File

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