

Date of Hearing: March 17, 2015

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 200 Alejo – As Amended March 11, 2015

SUBJECT: Student financial aid: Competitive Cal Grant A and B awards

SUMMARY: Establishes the number of Competitive Cal Grant A and B awards to be 22,500 for the 2015-16 academic year, 45,000 for the 2016-17 academic year, 80,000 for the 2017-18 academic year, and 100,000 for the 2018-19 academic year and each year thereafter.

EXISTING LAW:

- 1) Establishes the Cal Grant program awards 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 (\$1,473). In the second and subsequent years, the award provides tuition and fee support.
 - c) California Community College (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 California Community College 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, 22,500 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. In 2013-14, applicants competed for 7,761 grants; applicants are ranked by work experience, educational history, vocational aptitude, and occupational goal.

- 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).

FISCAL EFFECT: Unknown.

COMMENTS: A student's ability to pay for college is a major factor in enrollment and completion of a degree program; significant unmet need results in students being less likely to enroll and, once enrolled, low-income students are also less likely to complete their degree program. Financial aid plays a vital role in increasing access, retention, and completion rates. California has made a substantial commitment to affordability through the Cal Grant Program; still, there is room for improvement. Higher education affordability experts have consistently encouraged an increase in the number of awards provided in the Competitive Cal Grant Program.

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. Established in statute are minimum income/asset and academic performance requirements; generally aligned with the Entitlement requirements. However, because over 300,000 applicants compete for only 22,500 awards annually, Competitive Program award recipients must significantly exceed minimum requirements.

In 2012-13, CSAC reported that the typical Competitive Program award recipient was 31 years old, with a GPA of 3.41, a family size of 3.1, and a household income of \$14,262. According to The Institute for College Access and Success (TICAS), hundreds of thousands of Competitive Program applicants meet eligibility requirements but are denied grants. TICAS notes that denied Competitive Program applicants have an average family income of less than \$21,000, a family size of three, and GPA of 2.9. TICAS calculates that in 2001-02, at the inception of the Competitive Program, eligible applicants had a one in four chance of receiving a Competitive Program award. By 2014-15, the chances of a qualified applicant receiving a Competitive Program award decreased to one in seventeen.

This bill proposes to increase the number of Competitive Program awards from 22,500 for the 2015-16 academic year, to 100,000 by the 2018-19 academic year. According to supporters, this increase will help California's neediest students take more classes, go to school full-time, and ultimately complete their college degree in a timely manner.

Related legislation. SB 15 (Block), pending in the Senate Education Committee, would, among other changes to higher education financing and financial aid programs, increase the number of Competitive Cal Grant awards to 30,000.

Prior legislation. AB 1976 (Quirk-Silva) of 2014, which was vetoed by Governor Brown, as passed by the Assembly Higher Education Committee, would have authorized 50,000 Competitive Cal Grant awards, and authorized CSAC to exceed the cap, as specified, in order to maximize the take-rate for Competitive Cal Grant awards. The bill was subsequently amended to remove the increase in Competitive Cal Grant awards.

SB 1751 (Speier) of 2006, which was held in the Senate Education Committee, would have increased, from 22,500 to 34,000, the number of Competitive Cal Grant awards annually.

SB 1264 (Alquist) of 2006, which was held in the Assembly Appropriations Committee, would have increased, from 22,500 to 23,000, the number of Competitive Cal Grant awards annually.

AB 1399 (Garcia) of 2006, which was held in the Assembly Appropriations Committee, would have increased the number of Competitive Cal Grant awards by 200, to 22,700, to provide awards to specified members of the California National Guard and State Military Reserve.

AB 1501 (Escutia) of 2004, which was not heard in policy committee, would have redirected proceeds associated with a tax credit and used them to fund Competitive Cal Grant awards.

AB 726 (Correa) of 2001, which was held in the Assembly Appropriations Committee, would have increased the number of Competitive Cal Grant awards from 22,500 to 42,500, through July 1, 2005.

SB 1644 (Ortiz), Chapter 409, Statutes of 2000, established the Cal Grant Entitlement awards and established 22,500 Competitive Cal Grant awards for those who did not receive the guaranteed award.

REGISTERED SUPPORT / OPPOSITION:

Support

California Community College Association of Student Trustees
California Competes
California EDGE Coalition
Californians for Shared Prosperity Coalition
California State Conference of the NAACP
Community College League of California
EARN
MALDEF
NAACP Los Angeles
National Council of La Raza
Public Advocates Inc.
Southern California College Access Network
Student Senate for California Community Colleges
The Campaign for College Opportunity
The Education Trust-West
The Institute for College Access & Success
University of California Student Association
Young Invincibles

Opposition

None on File

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