

Date of Hearing: April 24, 2018

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 3153 (Levine) – As Amended April 12, 2018

SUBJECT: Student financial aid: Cal Grants: summer term students

SUMMARY: Expands the total period of eligibility for a student to receive Cal Grant A or Cal Grant B awards – currently the equivalent of four years of full-time enrollment – by allowing the student to receive an additional Summer Cal Grant award for two summer terms of up to 9 units for purposes of timely completion of a baccalaureate degree program at a public postsecondary institution. The bill also makes conforming changes.

EXISTING LAW:

- 1) Establishes the California Student Aid Commission (CSAC) for the purpose of administering specified student financial aid programs. (Education Code (EC) Section 69510, et seq.)
- 2) Establishes the Cal Grant A and B Entitlement Programs, the California Community College Transfer Cal Grant Program, the Competitive Cal Grant A and B Programs, the Cal Grant C Program, and the Cal Grant T Program, each with specified eligibility requirements related to the applicant's age, academic achievement, family income, maximum award amount limits, length of award eligibility, and other factors. (EC Sect. 69430, et seq.)
- 3) Cal Grant A Awards. Students meeting specified income and asset thresholds and other eligibility requirements, and having at least a 3.0 GPA receive tuition and fee assistance. (EC Sect. 69434.)
- 4) Cal Grant B Awards. Students meeting income thresholds (lower than for Cal Grant A), asset thresholds and other eligibility requirements, and having least a 2.0 GPA receive a living allowance and tuition and fee assistance. Awards for most first-year students are limited to an allowance for non-tuition costs (access award), such as books and living expenses (currently \$1,672). In the second and subsequent years, the award also provides tuition and fee support. (EC Sect. 69435.)
- 5) Prohibits receipt of a Cal Grant award in excess of the amount equivalent to the award level for four years of full-time attendance in an undergraduate program. (EC Sect. 69433.5 (d) (1))
- 6) Stipulates that CSAC shall increase the Cal Grant award for students who accelerate their college attendance by enrolling during the summer, but that the total award amount a student may receive over a four-year period may not be increased as a result of such acceleration. (EC Sect. 69433.5 (f))
- 7) The federal Pell Grant provides aid to students who demonstrate financial need, and can be used for tuition and fees, books and supplies, transportation, and living expenses for the equivalent of up to six years of full-time enrollment. The maximum Pell Grant for 2017-18 is \$5,920. (20 U.S. Code Sect. 1070.)

FISCAL EFFECT: Unknown.

COMMENTS: *Purpose.* AB 3153 expands the Cal Grant program to provide additional financial aid during two summer terms for students attending the University of California (UC) and the California State University (CSU). (Students enrolled in the pilot baccalaureate degree programs at the community colleges would also be eligible.) The author intends this as a way for students to take summer courses so they might graduate on time and do so without incurring additional debt.

Currently, in order to receive a full Cal Grant award, students must take at least 12 semester units, or the equivalent quarter units. (For students taking less than 12 units, their Cal Grant award for that semester is proportionately reduced.) If, however, a student consistently takes 12 units per semester for four years – earning 96 units total – they will be 24 units short of the 120 units that are generally necessary for graduation, yet they will have exhausted all of their Cal Grant eligibility, which is limited to the equivalent of four years of full-time enrollment.

While many Cal Grant recipients who are full-time students do take more than the 12-unit minimum, over the course of four years, they still might not be taking sufficient units to graduate "on time". Taking one or two courses during one or two summer terms would be a way for such students to stay on track for graduation. The lack of additional Cal Grant support for, and the high per-unit cost of, summer enrollment at both UC and CSU are barriers to these students, however.

This bill allows Cal Grant recipients to obtain an additional award – the Summer Cal Grant – which would cover the tuition cost for enrolling in up to 9 semester units (or the quarter equivalent) for up to two summer terms and for the explicit purpose of pursuing timely completion of their degree requirement. It is expected that the availability of this additional aid will allow more Cal Grant students to attend in summer and obtain the credits they need for on-time graduation.

Background. At both UC and CSU, Cal Grant recipients have lower four-year graduation rates than non-recipients. At CSU, 27.1% of non-Cal Grant recipients graduate in four years, while only 16.7% of Cal Grant recipients do so. (The six year graduation rates for both groups are much closer – 60.1% for non-Cal Grant and 57.6% for Cal Grant.) UC does not have separate graduation data for Cal Grant recipients, but does so for Pell Grant recipients. (About 90% of Pell Grant recipients also receive a Cal Grant.) The four-year graduation rates at UC are 71% for non-Pell recipients and 57% for Pell recipients, while the six-year rates are 87% and 82% , respectively.

Information from UC indicates that significant proportions of students who graduate on time have enrolled in at least some summer classes. For example, of the freshmen who entered UC in 2010 and graduated within four years, about 75% attended at least one summer term and over 40% attended for two or more summer terms. UC undergraduates enrolling in summer 2016 took an average of 5.8 semester units. (Berkeley and Merced are on the semester system and the other campuses are on the quarter system.)

Pell Grant Can Provide Some Assistance. Unlike the four-year eligibility of the Cal Grant, the federal Pell Grant is available to eligible students for up to the equivalent of six years of full-time enrollment. In recent years, however, a grant recipient could only use one full year of their eligibility within a single academic year. In other words, if the recipient enrolled full-time (by

taking 12 or more units) in both the fall and spring semesters, they would use up their entire Pell Grant award for that year and thus would not receive any additional grant monies if they enrolled during the summer sessions.

Last year the federal government reinstated a Pell Grant policy such that recipients who enroll full-time in the fall and spring semesters may now utilize part of their overall Pell Grant eligibility – i.e. obtain additional grant monies – for the summer, if they enroll in at least 6 units. Thus, while a student is still limited to receiving a Pell Grant for the equivalent of six years of full time attendance, they can now receive a grant to either accelerate their degree completion or get back on track for timely completion by attending in the summer.

Then Why is This Bill Needed? Given the above, why would students need an additional Cal Grant award for summer on top of their ability to use their Pell Grant award during the summer? First, while most UC and CSU students who receive a Cal Grant also receive a Pell Grant, not all do, nor do those who receive both grants get the maximum Pell Grant. Second, students taking less than 6 units in the summer would not be able to use their Pell Grant. Third, some students may need to apply their Pell Grant award toward covering the non-tuition costs of summer attendance. Finally, the funding of Pell Grants is inconsistent. The year-round Pell Grant eligibility was discontinued in 2012 – as a budget-cutting alternative to reducing the maximum grant amount - and was just reinstated last year. Given the massive federal budget deficit projections, continuation of the year-round policy is likely somewhat tenuous.

Comment. To the extent the cost of unsubsidized summer enrollment is a barrier to Cal Grant recipients, this bill offers such students who would otherwise like to enroll in summer courses an opportunity to do so. This should lead to more Cal Grant recipients being able to graduate sooner and thus should provide a savings to their overall costs of college attendance. Having more students finish their studies "on time" should also benefit the UC and CSU, by freeing up space on campuses for other students.

On the other hand, the bill could provide an incentive for at least some Cal Grant recipients to take fewer units during the fall and spring semesters, knowing that they could get their tuition costs covered for enrolling in up to 18 units over two summer terms. Such a scenario could come at great cost to the state. The Cal Grant covers full UC and CSU tuition costs, and thus the state's cost is the same whether the recipient takes 12 units or, for example, 15 units in a semester. Therefore, to the extent Cal Grant recipients average fewer than 15 units during the spring and fall semesters, state costs will increase to provide the additional Cal Grants for those students who elect to enroll in summer.

Regardless of how students react to the availability of this additional aid, overall state costs will likely be significant. Costs will depend on the number of Cal Grant recipients who elect to enroll in the summer and the number of units these students take. There are almost 130,000 Cal Grant recipients at CSU and 75,000 at UC. The cost per unit for the summer term is around \$420 at UC. The cost at CSU, which varies depending on the number of units taken, can range from \$278 to \$407 per unit.

The author should consider whether an additional award for up to 18 units (15% of the units generally required for graduation) is necessary to accomplish the on-time completion goals of this bill.

In addition, the bill currently would provide the same benefit to transfer students as entering freshmen. Transfer students theoretically enter UC or CSU having already earned one-half of the units needed for graduation, and should therefore need only 60 more units to obtain their baccalaureate degree. Therefore, limiting these students to a Summer Cal Grant for one semester of up to 9 units would provide parity with entering freshman, who could receive the Summer Cal Grant for up to 18 of their 120 units over two summers. The bill could also provide similar limitations, over the initial years following enactment, to existing UC and CSU upper division students.

Related Legislation. AB 2306 (Santiago), pending on the Assembly Appropriations Suspense file, provides that a California Community College (CCC) applicant, or a former community college student who transfers to a four-year institution after having received a Cal Grant award while enrolled at a community college shall be eligible to receive the Cal Grant award in the amount equivalent to six years of full-time attendance, instead of only four years of full-time attendance, in an undergraduate program.

AB 2248 (McCarty), also on today's committee agenda, requires the California Student Aid Commission and postsecondary institutions participating in the Cal Grant Program to notify students regarding the four-year limit on Cal Grants and the need to take 30 semester units per academic year in order to graduate in four years.

REGISTERED SUPPORT / OPPOSITION:

Support

California State University
University of California

Opposition

None of file.

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