

Date of Hearing: April 28, 2015

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 573 (Medina) – As Introduced February 24, 2015

**SUBJECT:** Student financial aid: Cal Grant Program: Student Aid Commission

**SUMMARY:** Requires the California Student Aid Commission (CSAC) to establish a complete listing of California postsecondary educational institutions and identify which institutions are eligible and ineligible for participation in the Cal Grant program, and to make this information readily available on CSAC's Internet Web site.

**EXISTING LAW:**

- 1) Authorizes the Cal Grant program, administered by CSAC, to provide grants to financially needy students to attend college. The Cal Grant programs include both the entitlement and the competitive Cal Grant awards. The program consists of the Cal Grant A, Cal Grant B, and Cal Grant C programs; eligibility is based upon financial need, grade point average, residency, and other eligibility criteria. (Education Code Section 69430-69433.9)
- 2) Requires institutions to meet specified criteria in order to participate in the Cal Grant program, including, for institutions with more than 40% of undergraduate students borrowing federal student loans, (a) a three-year cohort default rate (CDR) equal to or below 15.5%; and, (b) a graduation rate above 20% for the 2015-16, 2016-17 and the 2017-18 academic years, and above 30% for subsequent academic years. (EDC 69432.7)
- 3) Requires CSAC to notify initial and renewal Cal Grant recipients of changes and the impact to their awards and to provide affected Cal Grant recipients with a complete list of all California postsecondary educational institutions at which the student would be eligible to receive an unreduced Cal Grant Award. (EDC 69432.7)

**FISCAL EFFECT:** Unknown

**COMMENTS:** *Background.* In an effort to increase accountability over public financial aid expenditures and address the budget deficit, as a part of the 2011-12 Budget Act, California established requirements linking an institution's participation in the Cal Grant Program to the percentage of students borrowing federal loans and the number of students defaulting on those federal loans within three years of entering repayment. To participate in the Cal Grant program in the 2011-12 academic year, an institution was required to have a CDR of less than 24.6%. In 2011-12, 76 institutions failed to meet the CDR requirements.

According to information provided by the Legislative Analyst's Office (LAO), about 3,200 students offered new Cal Grant awards in 2011-12 were planning to attend schools deemed ineligible. About 550 of these students instead attended eligible schools, and another 450 requested leaves of absence to preserve their award for later use. The remaining 2,200 students did not claim their Cal Grants and information concerning college attendance is unavailable. For

students receiving renewal Cal Grant awards, of the 1,700 attending ineligible institutions approximately 60% remained at their institution and received a reduced award (an option no longer available to students), 9% transferred to eligible colleges, and another 4% took leaves of absence. No information is available on the remaining students.

In the 2012-13 Budget Act, the requirements regarding loan defaults were tightened to require a CDR of less than 15.5%, and a graduation rate of greater than 30%, as reported by the Integrated Postsecondary Education Data System (IPEDS). IPEDS graduation data calculates the percentage of first-time, full-time students who began in the fall term and graduate within 150% of the published program length. For example, the 2012 graduation rate for bachelor's degree programs is based on the number of students who began their pursuit as a full-time, first-time student in the fall of 2006.

In the 2015-16 academic year, institutions are required to maintain a CDR of less than 15.5% and a graduation rate of greater than 20%. As reported by CSAC, 301 institutions have been deemed Cal Grant eligible; an additional 23 institutions have been identified as potentially eligible, pending receipt of additional data. CSAC published a list of 21 ineligible institutions. According to CSAC, institutions that had been eligible for three or more consecutive years (2013-14, 2014-15, and 2015-16) were not included in the 2015-16 ineligible institution list.

*Purpose of this bill.* According to the author, currently CSAC does not post a complete list of Cal Grant ineligible institutions on its website. This bill is intended to ensure that CSAC provides a comprehensive list of Cal Grant eligible and ineligible institutions so that students have access to information that will allow them to make informed educational choices.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

California Student Aid Commission  
The Institute for College Access and Success

### **Opposition**

None on File

**Analysis Prepared by:** Laura Metune / HIGHER ED. / (916) 319-3960