

Date of Hearing: April 1, 2014

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Das Williams, Chair
AB 1862 (Melendez) – As Introduced: February 19, 2014

SUBJECT: Postsecondary education: financial aid.

SUMMARY: Deletes the July 1, 2019 sunset of the California National Guard (CNG) Education Assistance Award Program (EAAP); extending the CNG EAAP indefinitely.

- 1) EXISTING LAW Establishes the CNG EAAP to enhance retention within the CNG and sets specific conditions of eligibility for participation in the program, including, but not limited to the following: 1) the person is a resident of California, as specified in current law; 2) the person is an active member of, and has served two years in, the CNG, the State Military Reserve (SMR), or the Naval Militia; 3) the person has been accepted or registered at, enrolled in, a qualifying institution, as specified in current law; 4) the person has submitted the Free Application for Federal Student Aid (FAFSA) to the U. S. Department of Education; and, 5) each person applying for the CNG EAAP shall submit an application for an award to the Adjutant General;
- 2) Specifies that the California Student Aid Commission (CSAC) is responsible for issuing the awards upon receipt of a certificate from the Adjutant General verifying that the applicant meets the eligibility requirements and requires CSAC to report annually to the Legislature regarding the EAAP participants, as specified;
- 3) Specifies that qualifying members shall not receive both a CNG EAAP and any Cal Grant award in the same academic year and specifies the amount of an award issued shall be as follows: 1) for a recipient attending the University of California (UC) or the California State University (CSU), the maximum amount of the Cal Grant A award, pursuant to current law, as adjusted in the annual Budget Act; 2) for a recipient attending a community college, the maximum amount of the Cal Grant B award, pursuant to current law, as adjusted in the annual Budget Act; and, 3) for a recipient attending a nonpublic institution, the maximum amount of a Cal Grant A award for a student attending the UC pursuant to current law, as adjusted in the annual Budget Act;
- 4) Specifies the following: 1) an award used for graduate studies shall not exceed the maximum amount of a Cal Grant A award, as specified, plus \$500.00 for books and supplies; 2) the award amount shall not exceed the difference between the recipient's cost of attendance and any other student financial aid and educational benefits pursuant to the federal Montgomery GI Bill (38 U.S.C. Sec. 3001, et seq.) or any other federal educational benefits program for veterans; and, 3) CNG Education Assistance awards may be renewed for each new academic year, for a maximum of the greater of either 1) four years of full-time equivalent enrollment or 2) the duration for which the qualifying member would otherwise be eligible pursuant to the Cal Grant Program, if the Adjutant General certifies the qualifying member's eligibility and the qualifying member maintains at least a 2.0 cumulative grade point average; and,
- 5) Tasks the Legislative Analyst's Office (LAO), on or before January 1, 2016, to prepare and submit to the Legislature a report on the CNG EAAP, including recommendations for

modifying or extending the CNG EAAP; and, specifies that the CNG EAAP, as of July 1, 2019 shall become inoperative, and on January 1, 2020, is repealed unless a later enacted statute, that becomes operative on or before January 1, 2020, deletes or extends the dates on which it becomes inoperative and is repealed (Education Code § 69999.16, et seq.).

FISCAL EFFECT: Unknown

COMMENTS: Background. The CNG EAAP, which went into effect on January 1, 2010, is a State-funded grant for up to 1,000 service members in the CNG, SMR, or the Naval Militia, or as many participants as the annual budget will allow. CNG EAAP authorizes the CSAC to make payments to eligible program participants. Participants can receive up to the amount of the Cal Grant A award for attending the UC or the CSU, up to the Cal Grant B award for attending a community college, or up to the UC Cal Grant A amount for attending a non-public institution. CNG EAAP graduate school students may receive an additional \$500.00 for books and supplies.

Application process. Initial applicants must submit an EAAP Initial Application, the Statement of Understanding, and FAFSA prior to the application deadline dates indicated below. For initial applicants, the priority application period starts on January 15 (or the next business day) and ends on the priority deadline date of April 30. The application process will continue to remain open after April 30 on a first-come, first-serve basis until January 14, or until all awards have been exhausted. Renewal participants must complete the EAAP Renewal Application and the Renewal Statement of Understanding. Renewal paperwork is available from January 15 (or the next business day) through the deadline date of June 1. Failure to renew will result in withdrawal from the CNG EAAP.

Award dollars. The award amounts for recipients of the CNG EAAP for the 2012-2013 and the 2013-14 Academic Year are:

- 1) Up to \$1,473.00 at the community college (per Cal Grant B)
- 2) Up to \$12, 192 at the UC or a non-public institution (per Cal Grant A)
- 3) Up to \$5,472 at the CSU (per Cal Grant A)

Need for the bill. According to the author, CNG EAAP is crucial to helping service members of the CNG further their education. The author states, "The discontinuation of the program in July of 2019, will no longer allow our service members to strive for a secondary education."

How many? According to the California Military Department, since the enactment of the CNG EAAP, to date, the program has not exceeded 1,000 awards in one academic year. To note, thus far in the 2013-14 academic year (AY), there are 345 participants. The chart below shows the number of participants in the CNG EAAP over the course of four years:

AY	Number of CNG EAAP Participants
2009-10	243
2010-11	450
2011-12	322
2012-13	292*

*For the 2012-13 AY, 156 previously qualifying institutions became ineligible because of a change to the definition of a qualifying institution for the Cal Grant program. Due to this change, 59 new applicants who had submitted completed applications had to be turned away.

Award dollars? According to the California Military Department, in the 2013-14 AY, \$2,445,535.00 has been budgeted for CNG EAAP awards. To date, the CNG EAAP has paid out \$1,532,485.00 in awards for the 2013-14 AY. To note, the California Military Department is projected to use all the funds for this AY. The chart below shows the dollar amount that has been awarded to eligible participants over the course of four years:

AY	Distributed Award Dollars
2009-10	\$795,759.00
2010-11	\$2,472,246.00
2011-12	\$2,418,392.00
2012-13	\$1,988,534.00*

*For the 2012-13 AY, 156 previously qualifying institutions became ineligible because of a change to the definition of a qualifying institution for the Cal Grant program. Due to this change, 59 new applicants who had submitted completed applications had to be turned away.

Committee consideration. As discussed in the "Existing Law" section of this analysis, the LAO, on or before January 1, 2016, is to issue a report to the Legislature on the status of the CNG EAAP that may include recommendations for modifying or extending the program. Should the committee vote to delete the sunset of the CNG EAAP prior to receiving the LAO recommendations?

Instead of deleting the sunset of the CNG EAAP, staff recommends that this measure be amended to move the due date of the LAO report on the status of the CNG EAAP that may include recommendations for modifying or extending the program, from on or before January 1, 2016, to on or before January 31, 2015.

Related legislation. AB 1781 (Linder), which is scheduled to be heard in this committee today, revises the eligibility condition of the CNG EAAP to specify that it is satisfied by a person enrolling in at least three academic units per semester, or the equivalent thereof, including summer sessions and intersession terms.

REGISTERED SUPPORT / OPPOSITION:

Support

- American Legion, Department of California
- AMVETS, Department of California
- California Association of County Veterans Service Officers
- California State Commanders Veterans Council
- Military Officers Association of America, California Council of Chapters
- Vietnam Veterans of America, California State Council

Opposition

None on file.

Analysis Prepared by: Jeanice Warden / HIGHER ED. / (916) 319-3960