

Date of Hearing: April 29, 2014

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Das Williams, Chair

AB 2566 (Weber) – As Introduced: February 21, 2014

SUBJECT: Student financial aid: Cal Grant Program.

SUMMARY: Expands the timeframe after high school graduation during which students are eligible for the Cal Grant Entitlement Program by one additional academic year, to March 2 of the second year after high school graduation, beginning in the 2015-16 award year.

EXISTING LAW:

- 1) Authorizes a variety of student financial aid grant and loan programs, administered by the California Student Aid Commission (CSAC), to provide grants to students to attend college.
- 2) The Cal Grant programs, administered by CSAC, include both the entitlement and the competitive Cal Grant awards. Eligibility is based upon financial need, grade point average, California residency, and other criteria.
- 3) Applications for Cal Grant Entitlement Programs are required to be submitted by March 2 of the academic year of high school graduation or its equivalent for the award year immediately following the academic year of high school graduation.

FISCAL EFFECT: Unknown. However, according to the Senate Appropriations Committee analysis of prior legislation, CSAC anticipates implementation costs of \$264,000 in the first year, and \$143,000 annually thereafter, for two permanent positions and one limited-term position. Cal Grant awards: \$35.1 million - \$70.2 million (General Fund) for increased awards in the first year, the exact expenditure will be determined by the number of awards actually paid. Costs would increase annually, as more individuals become eligible.

COMMENTS: Purpose of this bill. According to the author, the sticker price of an education at a four year college or university has forced many qualified high school students to prolong their educational goals and to get a job and save enough money to pay their tuition costs. The author notes that current eligibility requirements for the Cal Grant A and B Entitlement Program penalizes low income students for their inability to access higher education immediately after high school graduation. According to the author, expanding the time period during which college applicants are entitled to apply for Cal Grants would allow them to learn about financial aid, be able to attend college, and earn degrees that will prepare them to obtain high-wage jobs.

Cal Grant background. The Cal Grant Entitlement Program guarantees financial aid awards to recent high school graduates and community college transfer students who meet financial, academic, and other eligibility requirements. Applicants must apply within one year of high school graduation. The state also provides a relatively small number of competitive Cal Grants to students who do not qualify for entitlement awards, half of which are set aside for community college students; these awards are capped at 22,500, and demand far exceeds supply. Cal Grants cover full systemwide tuition at the public universities for up to four years and partly contribute

to tuition costs at nonpublic institutions. About 269,000 students received new or renewed Cal Grant awards in 2012-13, totaling about \$1.6 billion.

The Cal Grant A high school entitlement award provides tuition/fee funding for the equivalent of four full-time years at qualifying postsecondary institutions to eligible lower and middle income high school graduates who have at least a 3.0 grade point average (GPA) on a four-point scale and apply within one year of graduation.

The Cal Grant B high school entitlement award provides funds to eligible low-income high school graduates who have at least a 2.0 GPA on a four-point scale and apply within one year of graduation. The award provides up to \$1,473 for books and living expenses for the first year and each year following for up to four years (or equivalent for four full time years). After the first year, the award also provides tuition/fee funding at qualifying postsecondary institutions.

The maximum tuition awards for Cal Grant A and B are equal to the mandatory systemwide tuition fees at the University of California (\$12,192) and the California State University (\$5,472), \$8,056 at private non-profit institutions and WASC-accredited for-profit institutions, and \$4,000 at private for-profit institutions.

Prior legislation. AB 1241 (Weber), as passed by this committee, would have extended the application timeframe for three additional years. The bill was subsequently amended to extend the timeframe for only one additional year, and was held on suspense in the Senate Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

American Career College/West Coast University
Board of Governors of the California Community Colleges
California Competes
California State Student Association
Community College League of California
NAACP Los Angeles
National Council of La Raza
Public Advocates, Inc.
Southern California College Access Network
Student Senate for California Community Colleges
The Education-Trust West
The Institute for College Access and Success
University of California Student Association
Young Invincibles

Opposition

None on file.

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