

Date of Hearing: August 6, 2013

ASSEMBLY COMMITTEE ON HIGHER EDUCATION  
Das Williams, Chair  
SB 285 (DeLeón) – As Amended: May 21, 2013

SENATE VOTE: 39-0

SUBJECT: Student financial aid: Cal Grant Program

SUMMARY: Provides for the use of funds from the College Access Tax Credit Fund (Fund) to increase Cal Grant B access awards up to a maximum of \$5,000 per award per academic year, contingent upon enactment of SB 284 (De León). Specifically, this bill:

- 1) Provides that monies appropriated from the Fund are in addition to other monies appropriated for the Cal Grant Program, and that during the existence of the Fund the amount of the Cal Grant B access award may not be adjusted below the amount in the 2012 Budget Act.
- 2) Requires the Treasurer, on April 1, 2015, and each April 1 thereafter, to certify the amount of moneys available for distribution from the Fund for the following academic year and provides that the amount available for distribution may not exceed 85% of the Fund balance.
- 3) Requires the California Student Aid Commission (Commission) to determine the amount of the supplemental awards to be granted and to include that amount in the annual budget change proposals previously submitted to the Department of Finance by the Commission. Upon appropriation by the Legislature to the Commission in the annual Budget Act, the monies become available for making awards to students.
- 4) Provides that any moneys available in the fund after making supplemental awards shall remain in the fund for allocation in future fiscal years.
- 5) Provides that disbursements from the Fund shall be made for the following purposes:
  - a) To supplement awards made for "access costs" as defined under the provisions of the Cal Grant Program. Limits the amount of the supplemental award, when added to the annual access award amount established by the Budget Act, to \$5,000.
  - b) To defray the administrative costs incurred by the Commission in connection with these responsibilities.
- 6) Provides that awards are only payable to the extent moneys are available from the Fund. Requires the Commission to inform award recipients that the award is for one academic year only, is not an entitlement, and that future supplemental awards are subject to the availability of moneys in the Fund.
- 7) Becomes operative only if SB 284 (De León) is enacted and becomes operative on or before January 1, 2014.

EXISTING LAW authorizes the Cal Grant Program, administered by the Commission, to provide grants to financially needy students to attend college, as follows:

- 1) Cal Grant A High School Entitlement Program 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.
- 2) Cal Grant B High School Entitlement Program 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 \$1,551 for books and living expenses for the first year and each year following for up to four years (or equivalent of four full-time years). After the first year, the award also provides tuition fee funding at qualifying postsecondary institutions.
- 3) Community College Transfer Program provides a Cal Grant A or B to eligible high school graduates who have a community college GPA of at least 2.4 on a four point scale and transfer to a qualifying baccalaureate degree granting college or university.
- 4) Cal Grant Competitive Award Program provides 22,500 Cal Grant A and B awards available to applicants who meet financial, academic, and general program eligibility requirements. Half of these awards are reserved for students enrolled at a community college and who met the September 2 application deadline.
- 5) Cal Grant C Program provides funding for financially eligible lower income students preparing for occupational or technical training.
- 6) Cal Grant T program to provide assistance to individuals who attend teacher credential programs at colleges and universities approved by the California Commission on Teacher Credentialing. The Governor and the California State Legislature have not permitted new awards for the Cal Grant T program since the 2002-2003 academic year.

FISCAL EFFECT: According to the Senate Appropriations Committee, \$140,000 in staffing to CSAC to administer the program expansion, and, to the extent that expanded Cal Grant Access Awards provide additional funding to students in California's public postsecondary institutions it may supplant some institutional aid from the segments.

COMMENTS: Background. In the first award year, Cal Grant B students are awarded a grant to cover access costs, defined as living expenses and expenses for transportation, supplies, and books. After the freshman year, the Cal Grant B award may also include tuition and fee coverage in the same amount as the Cal Grant A award. Current law limits the access award to \$1,551, but allows the amount to be adjusted in the annual Budget Act. The 2012 Budget Act reduced the award to \$1,473; that amount was maintained in the 2013 Budget Act. According to the Commission, in 2012-13, the average income for new Cal Grant B recipients was \$16,511. There were a total of 128,426 new recipients of Cal Grant B. The largest number and percentage of Cal Grant B recipients were at the California Community Colleges (48%).

Purpose of this bill. According to the author, this legislation will increase the underfunded Cal Grant B access award amount for California's lowest income students to improve graduation rates. The Author notes that, adjusted for inflation, the Cal Grant B access award today should be \$5,900; instead it has lost most of its purchasing power over time and is currently set at only \$1,473. According to the author, there is significant research that shows that students who work more hours take longer to graduate; Grant aid is the proven equalizer that allows low-income students to persist and complete degrees at rates that equal those of their higher-income peers. This bill, in coordination with SB 284, is intended to enable the Commission to double the Cal Grant B access award during tough economic times.

Contingent enactment. The implementation of this bill is contingent upon the funding source established in SB 284 (De León), which would, for taxable years 2014 through 2016, allow taxpayers, upon receipt of California Educational Facilities Authority certification, to receive a tax credit for a specified percentage of cash contributions made to the Fund. SB 284 is scheduled to be heard in the Revenue and Taxation Committee on August 12, 2013.

Related legislation. AB 1364 (Ting), which was approved by this Committee by a vote of 9-3 on April 9, 2013, proposes to, beginning in the 2014-15 academic year, increase the maximum amount of the Cal Grant B access award to \$1,710, and provide for annual adjustment upward based upon the California Consumer Price Index beginning January 15, 2014. AB 1364 is currently pending in the Senate Appropriations Committee.

Prior legislation. SB 1466 (De Leon, 2012), as heard in this committee, expanded eligibility for a Cal Grant to include a student with a household income up to \$100,000, subject to specified funding prioritization, and contingent upon legislation that created a fund for this purpose (SB 1356, De Leon, 2012). SB 1466 passed this committee in July 2012 by a vote of 8-1, but was subsequently amended to address a different subject.

#### REGISTERED SUPPORT / OPPOSITION:

##### Support

Association of Independent California Colleges and Universities  
Community College League of California  
Faculty Association of California Community Colleges  
Los Angeles Area Chamber of Commerce

##### Opposition

None on File

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