

Date of Hearing: June 24, 2014

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Das Williams, Chair
SB 1028 (Jackson) – As Amended: May 27, 2014

SENATE VOTE: 28-9

SUBJECT: Student financial aid: Cal Grant C awards.

SUMMARY: Requires special consideration for Cal Grant C awards, administered by the California Student Aid Commission (CSAC), to be provided to specified socially or economically disadvantaged students. Specifically, this bill:

- 1) Requires special consideration be given to the social and economic situations of students applying for Cal Grant C awards, giving additional weight to disadvantaged applicants, applicants who face economic hardship, and applicants who face particular barriers to employment, with criteria including all of the following:
 - a) Family income and household size;
 - b) Student or parent's household status, including whether the student is a single parent or the child of a single parent;
 - c) The employment status of the applicant and whether the applicant is unemployed, giving greater weight to the long-term unemployed.
- 2) Provides that Cal Grant C awards may be used for, in addition to training and equipment costs, living expenses.
- 3) Requires CSAC to, when identifying areas of training where Cal Grant C awards may be used, consult with the Economic and Workforce Development Division of the California Community Colleges Chancellor's Office (CCC EWD), the California Workforce Investment Board (CWIB), and to the extent feasible, representatives of leading competitive and emerging industry clusters, workforce professionals, and career technical educators to determine which occupational training programs and industry clusters should be prioritized.
- 4) Requires areas of occupational and technical training to be updated by January 1, 2016.
- 5) Clarifies the job quality criteria for Cal Grant C award prioritization to include jobs that are a part of a well-articulated career pathway to a job providing economic security, among other clarifying changes; and requires programs to meet, at least, either the aforementioned criteria or high salary and wage projection criteria.
- 6) Requires CSAC to consult with the Employment Development Department (EDD), CCC EWD, and CWIB to publicize the existence of the Cal Grant C award program and to make students receiving awards aware of job search and placement services available through EDD and local workforce investment boards.

- 7) Defines the following terms:
- a) "Career pathway" means an identified series of positions, work experiences, or educational benchmarks or credentials that offer occupational and financial advancement within a specified career field or related fields over time.
 - b) "Economic security" means earning a wage sufficient to support a family adequately, and, over time, to save for emergency expenses and adequate retirement income, based on factors such as household size, the cost of living in the worker's community, and other factors that may vary by region.
 - c) "Industry Cluster" means a geographic concentration or emerging concentration of interdependent industries with direct service, supplier, and research relationships, or independent industries that share common resources in a given regional economy or labor market. An industry cluster is a group of employers closely linked by a common product or services, workforce needs, similar technologies, and supply chains in a given regional economy or labor market.
 - d) "Long-term unemployed" means a person who has been unemployed for more than 26 weeks at the time of submission to the commission of his or her application.
 - e) "Occupational or technical training" means that phase of education coming after the completion of a secondary school program and leading toward recognized occupational goals approved by the commission.

EXISTING LAW:

- 1) Authorizes the Cal Grant C program, administered by CSAC to assist with tuition and training costs at occupational or vocational programs. The total number of Cal Grant C awards is 7,761, the maximum award amount and the total amount of funding is determined in the annual Budget Act.
- 2) Requires CSAC to consult with appropriate state and federal agencies to develop areas of occupational and technical training for which students may utilize Cal Grant C awards. These areas of occupational and technical training are required to be regularly reviewed and updated at least every five years, beginning in 2012.
- 3) Requires CSAC to give priority in granting Cal Grant C awards to students pursuing occupational or technical training in areas that meet at least two of the following criteria: high employment need, high employment salary or wage projections, and high employment growth. CSAC is required to determine areas of occupational or technical training that meet these criteria in consultation with EDD using projections available through the Labor Market Information Data Library.
- 4) Requires CSAC to examine the graduation rates and job placement data of eligible programs, and commencing with the 2014-15 academic year, to give priority to Cal Grant C applicants seeking to enroll in programs that rate high in graduation rates and job placement data.

- 5) Requires the Legislative Analyst's Office to submit a report to the Legislature on the outcomes of the Cal Grant C program on or before April 1, 2015, and on or before April 1 of each odd-numbered year thereafter, as specified.

FISCAL EFFECT: According to the Senate Appropriations Committee, potentially significant costs to CSAC to coordinate with specified entities to identify priority occupational areas, and to make application scoring changes and potentially significant costs to develop and implement a plan to publicize the Cal Grant Program to California's long-term unemployed.

COMMENTS: Purpose of this bill. According to the author, the aftermath of the most recent recession is notable for the severity of long-term unemployment levels. In 2010, approximately 45% of the unemployed in the U.S. has been unemployed for six months or longer (the highest percentage since the Great Depression), while in January 2014, long-term unemployment remained at 2.5 times the national pre-crisis average. California has one of the highest long-term unemployment rates in the country. In February 2014, about 640,000 workers were unemployed for six months or longer.

The author notes that there is currently no training program that specifically targets the long-term unemployed in California, though there are training programs that they may qualify for, like the Workforce Investment Act dislocated worker program. That program typically provides access to short term job training programs, but does so for only a very small fraction of those who might benefit from the program. This bill differs in that it specifically targets the long-term unemployed and provides access to longer-term occupational training, up to two years, and focuses on growth industries and occupations, providing skills that are in demand by employers.

Background on Cal Grant C. Cal Grant C awards assist with tuition and training costs for occupational, technical, and vocational programs at Community Colleges, independent colleges, or vocational/career schools. Funding is available for up to two years, and programs must be at least four months long. The award currently includes up to \$547 for books, tools and equipment, and up to \$2,462 for tuition and fees.

In 2012-13, CSAC awarded 9,288 new and 5,876 renewal awards. According to the CSAC, approximately 50% of eligible applicants receive awards. Most (10,248) of the awards went to students attending community colleges and 4,734 were awarded to students attending private colleges. CSAC reports that 85% of recipients are independent students and 64% earned less than \$18,000 annually.

To be eligible for a Cal Grant C award, students must be California residents, have United States or eligible noncitizen status, complete US selective service requirements, enroll at least half-time at an eligible California institution, maintain satisfactory academic progress (defined by the institution) once enrolled, meet family income and asset ceilings, and not be in default on any student loan or owe any federal or state grant refund. There is no high school graduation requirement, minimum grade point average or maximum age for recipients.

Awards are based on supplemental information provided by applicants; applicants are scored based on work experience, educational history, vocational aptitude, and occupational goal. SB 451 (Price), Chapter 627, Statutes of 2011, requires CSAC to give "priority" to students pursuing occupational or technical training in areas that meet two of the following three criteria: high employment need, high employment growth, and high wage. Through consultation with EDD

and the Labor Market Information Data Library, the Director at the Center for Strategic Economic Research, and the Dean of the Industry Partnership Practices Unit at the Community College Chancellor's Office, CSAC established the following priority occupations:

Automotive Service Technicians and Mechanics
 Carpenters
 Computer Specialists
 Computer Support Specialist
 Cooks, Restaurant
 Fire Fighters
 Fitness Trainers and Aerobics Instructors
 Licensed Practical and Licensed Vocational Nurses
 Medical Secretaries
 Paralegals and Legal Assistants
 Police and Sheriff's Patrol Officers
 Preschool Teachers, Except Special Education
 Registered Nurses

Suggested amendments. Committee staff recommends the following amendments:

- 1) To clarify CSAC shall use the best available data regarding graduation rates and job placement rates, and to allow CSAC to use graduate salary information provided by CCC through the Salary Surfer program:

Education Code §69439. (h) Using the best available data, the commission shall examine the graduation rates and job placement or salary data of eligible programs. Commencing with the 2014–15 academic year, the commission shall give priority to Cal Grant C award applicants seeking to enroll in programs that rate high in graduation rates and job placement data.

- 2) To ensure CSAC has the ability to verify that an applicant meets the "long-term unemployed" criteria, Committee staff suggests amendments clarifying that EDD may provide information to CSAC for this purpose:

Unemployment Insurance Code §1095. (af) To provide the California Student Aid Commission with wage information in order to verify the employment status of an individual applying for Cal Grant C funding pursuant to Section 69439(c) of the Education Code. The information shall be provided to the extent permitted by federal law and regulations.

REGISTERED SUPPORT / OPPOSITION:

Support

California Community Colleges Chancellor's Office
 California Edge Coalition
 California Hospital Association
 California Labor Federation
 California Manufacturers & Technology Association
 Community College League of California
 The Institute for College Access and Success

Jewish Vocational Services of San Francisco
Service Employees International Union

Opposition

None on file.

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