

Date of Hearing: January 11, 2022

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 295 (Jones-Sawyer) – As Amended January 3, 2022

SUBJECT: Public postsecondary education: pilot program for free cost of attendance: working group.

SUMMARY: Establishes a working group consisting of representatives from the California Department of Education, the California Community Colleges (CCC) Board of Governors, the California State University (CSU) Trustees, and the University of California (UC) Regents, faculty, staff, and students from the CCC, CSU, and UC, to consider the creation of a pilot program, as specified, that would cover the cost of attending postsecondary education in the state by replacing the system of charging students tuition, fees, and additional expenses for enrollment at a public postsecondary institution. Specifically, **this bill:**

- 1) Requires for purposes of the consideration of the working group (per the summary above), the pilot program to be created to allow students who are residents of the state and who qualify for admission to a public postsecondary institution to enroll in that institution without paying for the cost of attendance.
- 2) Requires the working group do both of the following:
 - a) Identify one or more public postsecondary institutions for participation in the pilot program; and,
 - b) Determine a funding source that would be available for the first 15 to 20 years of the pilot program.
- 3) Requires the working group to submit a report on the proposed pilot program to the Legislature.

EXISTING LAW:

- 1) Authorizes the UC and CSU, and requires the CCC to collect fees from students attending their postsecondary education institutions (Education Code (EC) Section 89700).
- 2) Prohibits the UC, CSU, and CCC from charging mandatory systemwide tuition or fees to the dependents or survivors of disabled or deceased California veterans, as specified and certain recipients (or children of recipients) of a Congressional Medal of Honor, as specified.

Prohibits the UC and the CSU from charging mandatory tuition and fees to an undergraduate student who is a current or former foster youth and maintains specified requirements (EC Section 66025.3).

- 3) Prohibits the UC, CSU, and CCC from charging mandatory systemwide tuition or fees to the surviving spouse or child of a deceased law enforcement or fire suppression personnel, as specified, and the surviving dependent of any California resident killed in the September 11,

2001 attack, as specified. The fee waivers are limited to undergraduate students who meet the specified financial need requirements (EC Sections 68120 and EC 68121).

- 4) Prohibits the UC, CSU, and CCC from charging systemwide fees or tuition or mandatory campus-based fees of any kind for spouses and dependents of doctors, nurses, and first responders who died from COVID-19 during the California COVID-19 pandemic state of emergency and were either employed or contracted to provide medical services during the COVID-19 pandemic (EC 68120.3).
- 5) Establishes a \$46 unit fee for students at the CCC, and establishes qualifications for a variety of tuition waivers at the CCC for students who meet specified requirements (EC Section 76300).
- 6) Provides that statutes related to UC (and most other aspects of the governance and operation of UC) are applicable only to the extent that the UC Regents make such provisions applicable (EC Sections 67400 and 68134).

FISCAL EFFECT: Unknown

COMMENTS: *Background on affordability in California.* According to California Competes, for the 6.8 million Californians ages 25–54 with a high school education but no associate’s or bachelor’s degree, employment prospects are increasingly limited—particularly since the onset of the COVID-19 pandemic, which disrupted plans for future education, employers’ expectations, available positions, and more. At the same time, the state needs an additional 2.4 million residents with college degrees by 2025 to meet the anticipated demand for skilled workers with critical credentials. The Institute for College Access and Success notes that a student’s ability to pay for college is a major factor in enrollment and completion of a degree program; significant unmet need results in students being less likely to enroll and, once enrolled, low-income students are also less likely to complete their degree program. Financial aid plays a vital role in leveling the playing field and increasing access, retention, and completion rates.

According to Public Policy Institute of California (PPIC) December 2021 report, “Keeping College Affordable for California Students,” this state has a long history of making college affordable. Recently, the state has combined higher tuition with more financial aid to cover tuition for students most in need of financial assistance. After tuition rose dramatically during the Great Recession, Legislators made incremental, targeted investments to address the growing cost of college, focusing, in part, on students with the most financial need and middle-class students.

The PPIC report found that, “California’s robust student aid program, coupled with federal and institutional grants, ensures that the majority of California public college students do not pay tuition.” Further, the report stated that, “Traditionally, state financial aid programs have subsidized tuition at public four-year colleges to ensure that all students in California have the opportunity to pursue higher education.” According to PPIC, “This strategy has kept tuition relatively affordable.”

Federal, state, and institutional student aid. United States citizens and eligible noncitizens can apply for federal and state financial aid by completing the Free Application for Federal Student Aid (FAFSA). Undocumented California residents, who meet nonresident exemption criteria, can apply for California state aid by completing the California Dream Act Application.

On the federal side, the Pell Grant provides a maximum of \$6,495 per year for six years to students with the greatest financial need. Students can use Pell Grants to help pay for any tuition, housing, or other college costs. The federal government also provides non-grant aid in the form of subsidized loans, loan forgiveness programs, and work-study.

On the state side, California provides most grant aid to students through Cal Grants: the 2021–22 state budget removed age and time-of-enrollment requirements for community college students, enabling an additional 99,000 to receive Cal Grants in 2021–22. Next year, these requirements will also be removed for UC and CSU students; according to the PPIC, this is likely to increase eligibility in those systems by about 40,000 students.

- Cal Grant A (which provides funding to low-income and middle-income students) covers four years of full tuition and fees at a tuition charging institution (or \$9,084 of nonprofit independent college and university tuition per year).
- Cal Grant B (which provides funding to low-income students) covers three years of full tuition and fees plus an Access Award at a tuition charging institution. While the tuition and fee award amount is only offered during sophomore through senior years, during their first year, students receive the Access Award amount.

In 2022-23, the Access Award portion of Cal Grant B will increase from \$1,600 to \$2,000. Eligible students who transfer to the UC or the CSU from a community college and who meet requirements can also get Cal Grants A or B.

- Cal Grant C provides tuition and non-tuition coverage to mostly community college students enrolled in career education programs.

Additionally, California also provides assistance through the Middle Class Scholarship program. Students whose families have income and assets up to \$191,000 are eligible for a grant between 10% and 40% of the mandatory systemwide tuition and fees at UC or CSU campuses. Beginning in 2022–23, Cal Grant recipients will also be eligible for Middle Class Scholarship grants, potentially providing additional funding for non-tuition costs.

On the institutional aid side, the UC’s Blue and Gold Opportunity Plan ensures that students whose family incomes are below \$80,000 do not pay tuition by covering the tuition owed after federal, state, and local aid has been accounted for. Additionally, the CSU has a similar program, called the State University Grant (SUG). The SUG covers tuition, less federal and state grant aid, for students from families with income below \$67,600. Further, nonprofit independent colleges and universities also provide varying amounts of institutional aid to their eligible students.

Need for this measure. According to the author, “This bill seeks to address the exponential rise of tuition and fees at California’s postsecondary higher education institutions. When the Master Plan for Higher Education (1965-1970) was established, postsecondary institutions were tuition-free, but have since strayed from the original implementation.”

The author states that, “At the California State University (CSU), in-state tuition and fees equals \$5,742. Accounting for inflation, \$5,742 in June 2020 equals \$659.29 in June 1960 and \$1,193.86 in June 1975. At the University of California (UC), in-state tuition and fees for the 2020-2021

year are estimated to be \$14,100. Accounting for inflation, \$14,100 in June 2020 equals \$1,618.95 in June 1960 and \$2,931.61 in June 1975.”

Further, the author contends that, “By providing tuition-free college to California residents, the state will protect students from tuition increases during a recession and the burden of debt after graduating.”

Committee comments. The Legislature in recent years has made college affordability one of its top priorities. While college affordability is nuanced, the Legislature’s view of affordability has taken into account the total cost of attendance, not just tuition; whereby, via recent legislative attempts, financial aid modernization and simplification proposals have undergone various iterations and have had several policy and informational legislative hearings. During this ongoing process, the stated goal of the Legislature has been that it seeks to create a path toward debt free college for its students.

This measure seeks to create a working group to consider the creation of a pilot program, as specified, that would cover the cost of attending a campus of the UC, CSU or CCC, by replacing the system of charging students tuition and fees, and additional expenses for enrollment at any public postsecondary institution. However, as currently drafted, the bill is silent in several areas, including, but not limited to the following:

- 1) What entity will convene the working group?
- 2) How long should the working group meet?
- 3) When will the report be due to the Legislature?
- 4) What agency, if any, will serve as the lead of the established working group?
- 5) Should the working group be expanded to include nonprofit stakeholder groups with extensive knowledge of college affordability models and approaches?
- 6) How will specified entities/individuals be selected to serve on the working group?
- 7) As the working group conducts its research, what, if any, emphasis should be given to prioritizing which students benefit from the pilot program?
- 8) Should the working group find that a pilot program is a viable option, how will the working group determine which campuses of the UC, CSU, and CCC participate in the pilot?
- 9) Should the working group find that a pilot program is a viable option, is a 15 to 20 years funding source for a pilot too long?
- 10) What happens to the extensive financial aid programs that the state continues to build upon and modernize?

Moving forward, the author should work with all appropriate Legislative policy and budget committees in order to establish specificity and desired goals and outcomes that are feasible and not in conflict with other established Legislative priorities around the area of college affordability and financial aid.

Prior legislation. AB 1970 (Jones-Sawyer) of 2020, which was held in this Committee, is substantially similar to this measure.

AB 1456 (Jones-Sawyer) of 2014, which was which was held in Senate Rules Committee, required the California Student Aid Commission (CSAC) and the Legislative Analyst's Office (LAO) to conduct a study of the effects of enacting legislation to establish a "Pay it Forward, Pay it Back Pilot Program".

HR 49 (Jones-Sawyer) of 2014, which was which was held in Senate Rules Committee, encouraged the LAO as the lead, and the CSAC to conduct a study, as specified, on the effects of enacting a "Pay it Forward, Pay it Back Pilot Program" as an alternative to existing student financial aid programs.

REGISTERED SUPPORT / OPPOSITION:**Support**

Generation Up
Nine Individuals

Opposition

None on file.

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