

Date of Hearing: April 19, 2022

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 2456 (McCarty) – As Amended April 18, 2022

SUBJECT: Cal Grant Program: student eligibility.

SUMMARY: Defines, for purposes of the Cal Grant Program, except for a community college student, “part time” to mean 12-29 semester units, inclusive, or the equivalent taken in an award year when 6 or more semester units or the equivalent are taken each semester or the equivalent;

Defines, except for a community college student, “full-time” to mean 12 or more semester units or the equivalent taken in a semester for initial Cal Grant eligibility until the start of the 2023-24 award year and for renewal of Cal Grant eligibility until the start of the 2026-27 award year;

Defines, except for a community college student, “full time” to mean 30 or more semester units or the equivalent taken in an academic year for initial Cal Grant eligibility commencing with the start of the 2023–24 award year, for subsequent renewals of that eligibility for the 2024–25 and 2025–26 award years, and for all renewals of Cal Grant eligibility commencing with the start of the 2026–27 award year;

Specifies that, for purposes of meeting the 30 or more semester units or the equivalent requirement, units taken during the summer term may be included; and,

Deletes the provision that prohibits increasing the aggregate amount students may receive as a result of accelerating progress to a degree by attending summer terms, sessions, or quarters.

EXISTING LAW:

- 1) Establishes the California Student Aid Commission (CSAC) for the purpose of administering specified student financial aid programs (Education Code (EC) Section 69510, et seq.).
- 2) Defines "full-time" enrollment, for purposes of eligibility for a full Cal Grant award, as taking 12 or more semester units or the equivalent (EC Section 69432.7(f)(2)).
- 3) Prohibits receipt of a Cal Grant award in excess of the amount equivalent to the award level for four years of full-time attendance in an undergraduate program (EC Section 69433.5 (d) (1)).
- 4) Cal Grant A Entitlement Awards. Students that meet income, asset and other eligibility requirements, have at least a 3.0 grade point average, and apply either the year they graduate from high school or the following year are entitled to an award that provides coverage for tuition and fees (EC 69434).
- 5) Cal Grant B Entitlement Awards. Students that meet income and asset thresholds and other eligibility requirements, have at least a 2.0 GPA and apply either the year they graduate from high school or the following year are entitled to a living allowance and tuition and fee assistance. Awards for most first-year students are limited to an allowance for non-tuition

costs (access award), such as books and living expenses. In the second and subsequent years, the award also provides tuition and fee support (EC Section 69435.).

- 6) California Community College (CCC) Expanded Entitlement Program. Commencing with the 2020-21 academic year, a student who was not awarded a Cal Grant A or B award at the time of the student's high school graduation but will be enrolled at a CCC during the award year and meets all of the eligibility criteria, will be entitled to a Cal Grant A or B award (EC 69435.5).
- 7) CCC Transfer Entitlement Awards. Cal Grant A and B awards are guaranteed to every student who graduated from a California high school after June 30, 2000, was a California resident at the time of high school graduation, transferred to a qualifying baccalaureate-degree granting institution from a CCC during the award year, was under the age of 28 at the time of the transfer, and had a minimum CCC GPA of 2.4 (EC Section 69436).
- 8) Competitive Cal Grant A and B Awards. Students who are not eligible for entitlement awards may compete for a Cal Grant A or B Competitive award. The award benefits and eligibility requirements are the same as the entitlement program, but awards are not guaranteed (EC Section 69437).
- 9) Cal Grant C Awards. Specifically to assist students with tuition and training costs at occupational or vocational programs of four months to two years in length. Since 2000-01, the total number of new annual Cal Grant C awards has been set at 7,761. The maximum award amounts, which are determined in the annual Budget Act, are currently up to \$2,952 for tuition and fees and \$576 for non-tuition costs, for recipients attending other than a community college, and \$1,094 toward non-tuition costs for CCC students (EC Section 69439).
- 10) Establishes the Community Colleges Student Success Completion Grant, which supplements the Cal Grant B access award by up to \$1,298 annually for students enrolled in 12, 13 or 14 units per semester and up to \$4,000 annually for student taking 15 or more units per semester (EC Section 88930.).

FISCAL EFFECT: Unknown

COMMENTS: *Purpose of the measure.* According to the author, "California colleges and universities are engines of socio-economic mobility. Unfortunately, far too many students are not completing their degrees in four years. As such, students lose out on financial aid eligibility, saddling them with debt and delaying their entry into the workforce."

The author contends that, "In fact, an additional year of college can cost our most vulnerable students more than \$56,000 per year."

Further, the author states that, "AB 2456 will save Cal Grant students at California colleges tens of thousands of dollars by ensuring they take the necessary course load needed to complete their bachelor's degree in four years, ensuring they keep their financial aid and prevent students from falling further into debt."

Recent comprehensive Cal Grant reform efforts. Assembly Members José Medina and Kevin McCarty, along with Senator Connie Leyva, wrote a letter to CSAC in September 2019, calling on the Commission to create a working group of financial aid stakeholders to develop recommendations to reform Cal Grant. The group was asked to consider the priorities of previous reform legislation - AB 1314 (Medina and McCarty) and SB 291 (Leyva) – and create a plan, and cost estimates, to expand Cal Grant eligibility and better support students’ costs.

The Cal Grant Reform Work Group included representatives of higher education segments, students, staff from the Executive and Legislative branches, and key nonprofit and advocacy partners. Several work group meetings were held between October 2019 and February 2020, with several policy proposals considered and discussed in detail. This work led to a proposal that was released in March 2020, just days before the Legislature would call an emergency recess due to the COVID-19 pandemic.

The proposal, in part, consolidated the existing Cal Grant A, Cal Grant B, and Cal Grant C awards and the High School Entitlement, Transfer Entitlement, and Competitive programs into a two-part Cal Grant entitlement program – Cal Grant 2 (for community college students) and Cal Grant 4 (for most other students). The proposal eliminated or streamlined GPA verification for students, eliminated age and time out of high school requirements, and eliminated California’s unique ‘income and asset’ standards to determine level of need and instead based financial need on the federal formula for EFC.

The Assembly Budget Subcommittee #2 was to have a hearing to discuss the March 2020 CSAC proposal, but due to the aforementioned emergency Legislative Recess, the proposal was never discussed. Further, the economic recession that resulted from the pandemic has made it unlikely that the state will have ongoing General Fund (GF) resources to support the original CSAC proposal.

Moving to 2021, and AB 1456, Assembly Members Medina and McCarty, and Senator Leyva intended to build on the budget action and fully reform the Cal Grant program, but this measure was vetoed. Which brings us to AB 1746, which seeks to build upon budget action taken last year to implement the Cal Grant Equity Framework.

In a time where the state has built momentum in order to reform the Cal Grant in a holistic comprehensive approach, the Committee may wish to discuss if it is prudent to enact a measure that does not appear to align with the ongoing comprehensive reform.

Committee Staff notes that up until the time this analysis was published, there was no known support for this measure; however, there is myriad registered opposition. Committee Staff notes that the majority of the opposition reflected the same major concerns, as noted below.

Arguments in opposition. One coalition, comprised of a variety of statewide advocacy groups, and the statewide student organizations stated, “During a year when we are discussing equitable financial aid reform and removing access barriers to financial aid, we question the rationale for adding a new barrier to financial aid access by increasing the unit threshold needed to receive full-time status.”

The coalition further states, “Shifting the Cal Grant eligibility unit threshold as proposed by this measure would harm low-income students’ abilities to make progress toward a degree at their

own paces. Many low-income students are already juggling school, work, and family commitments and may not be able to increase their course load and maintain the full-time status as this measure defines it.”

Lastly, the coalition cites, “An additional shortcoming of this measure is that it introduces another eligibility criterion that would limit low-income students’ access to grant aid if they attend four-year institutions. If implemented, the proposed Cal Grant definition of full-time would differ from the longstanding definition of full-time required by the federal Pell Grant program. Many students are currently eligible for both grants and need both grants to cover college costs; any added complexity would only serve to unnecessarily confuse students and present another barrier for low-income students.

Prior legislation. AB 2248 (McCarty), Chapter 758, Statutes of 2018, requires that a Cal Grant recipient be notified of the duration of their award and of the number of units needed to graduate within the same number of years.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

Association of Independent California Colleges & Universities (AICCU)
BLU Educational Foundation
California Edge Coalition
California State Student Association
California State University, Office of The Chancellor
Community Coalition
Consejo De Federaciones Mexicanas (COFEM)
Kid City Hope Place
Parent Organization Network
Public Advocates, Inc.
Southern California College Access Network
The Education Trust - West
University of California
University of California Student Association
Young Invincibles

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