

Date of Hearing: April 19, 2022

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 2286 (Irwin) – As Amended March 21, 2022

SUBJECT: Student financial aid: Student Aid Commission: donations and philanthropic funds.

SUMMARY: Authorizes the California Student Aid Commission (CSAC) to receive donations, bequests, grants, and philanthropic funding, as specified. Specifically, **this bill**:

- 1) Specifies that notwithstanding any other law, CSAC may receive donations, bequests, grants, and philanthropic funding, subject to the conditions or restrictions that the Executive Director of CSAC may deem advisable, and subject to the approval of the Director of Finance.
- 2) Requires CSAC, commencing January 1, 2024, at the first regular CSAC meeting of the calendar year, to publicly report both of the following:
 - a) The source, and the amount from each source, of any philanthropic funding received during the calendar year immediately preceding the reporting deadline; and,
 - b) The purpose for which that philanthropic funding was used.

EXISTING LAW: Establishes the California Student Aid Commission (CSAC) for the purpose of administering specified student financial aid programs (Education Code Section 69510, et seq.).

FISCAL EFFECT: Unknown

COMMENTS: *Background on CSAC.* The CSAC serves as the principal state agency responsible for administering financial aid programs for students attending public and independent universities, colleges, and vocational schools in California. The mission of CSAC is to promote educational equity by making postsecondary education affordable for all Californians.

Additionally, CSAC serves as a resource for policymakers and the public on college affordability and financing issues, and advocates for policy changes to eliminate cost as a barrier to any qualified California student pursuing a higher education. CSAC's vision is to transform lives by creating educational opportunities for the state's diverse population, driving its social and economic well-being to ensure a promising future for all.

California is home to the largest postsecondary system in the nation; serving millions of students a year; many whom rely on the services of CSAC in order to receive various forms of state financial aid. Yet, as of 2021-22, CSAC only has 137.5 authorized ongoing staff positions, as well as 2.2 temporary positions. These positions span seven divisions, the largest of which are program administration and services, information technology (IT), fiscal and administrative services, and the executive division. As of January 2022, CSAC reported that 16% (or 22.5 positions) were vacant, with the IT division accounting for 40% of the vacancies. Committee

Staff understands that the majority of CSAC's vacant positions have been unfilled for less than three months and CSAC is actively recruiting to fill the vacant positions.

Research and development collaboration. Currently, CSAC is unable to directly receive and utilize philanthropic funds, making partnerships with major foundations difficult to administer without convoluted agreements that limit transparency and partnership opportunities. Non-profit entities are interested in supporting CSAC's research and analytical capabilities, program improvements, and outreach activities, but are often reluctant to provide such funds via third parties.

In fact, CSAC is the only education entity that does not have the ability to seek and utilize non-state funds from foundations and grants to support and enhance their work. The California Department of Education, each University of California campus, the California State University and its 23 campuses, the California Community Colleges Chancellor's Office, and community college districts, each operate their own auxiliary organizations to support supplemental services and initiatives.

According to information provided by the author, several philanthropic organizations have offered support to finance policy research and further data analysis that goes beyond the scope of CSAC's day-to-day operations such as data collection and analysis, communication about financial aid availability, and increased statewide education and training events.

These findings could yield significant insight to policymakers or generate proposals to serve students more effectively; however, CSAC's inability to directly accept and direct the use of such funds hinders CSAC's ability to develop and implement creative programs that achieve agency goals.

The 2018-19 reinstatement of the Commission's Student Expenses and Resources Survey Student Expenses and Resources Survey (SEARS) received significant national and state media attention and remains a key component of legislative and policy conversations around college affordability. To develop, administer, and analyze the results of SEARS, CSAC received significant support from the College Futures Foundation (CFF). However, due to limitations on CSAC's ability to receive and expend gifted funds from external sources, CFF effectively managed the project as their own.

In January 2021, CFF jointly awarded funds to the Foundation for California Community Colleges (FCCC) and CSAC in order to support a number of activities that were being lead around college affordability; while FCCC administers the funds received, the projects all involve financial aid programs or affordability policy. For example, one funded project was CSAC's hiring of a research entity and facilitator to support the convening of a CalFresh Workgroup in 2020 to identify the barriers to student access to food support programs and means to improve access. The CalFresh Workgroup included representatives from student organizations, higher education segments and campuses, human services agencies, and the Legislature. The summary report of the Workgroup was issued in February 2022, and recommendations from the report are being incorporated to inform legislative and budget proposals.

Further, the Lumina Foundation sought to support CSAC's development of the recently established Golden State Education and Training Grant Program and partners that could provide helpful expertise from the workforce development standpoint. The Lumina Foundation relied on

directly sponsoring organizations like the National Skills Coalition, California Competes, and UNITE-LA to collaborate with CSAC to development this program through an advisory group.

While some philanthropic partners are willing to identify creative means to support work that will advance college affordability policy or financial aid programs in California, these arrangements are not as transparent.

To address the current inequality regarding participation with philanthropy, explicit statutory authority is necessary to allow CSAC to accept and manage philanthropic funds.

Purpose of this measure. According to the author, “AB 2286 represents a modest but important change to state law that will bolster the California Student Aid Commission’s efforts to serve students by allowing the Commission to receive philanthropic fund that support its policy and outreach activities.”

The author contends that, “Starting this year, California requires all high school students to complete a FAFSA or Dream Act financial aid application prior to graduation. As local education agencies across California begin to take on this new role, it is incumbent upon the Commission to fully utilize any available opportunities to support this work and engage all interested partners in helping California students access and utilize the financial aid available to them.”

This measure seeks to provide clear statutory authority for CSAC to accept philanthropic funds and use said funds in order to support and enhance CSAC’s mission and specific priorities. Committee Staff understands that this statutory change would provide CSAC with the much-needed flexibility to access philanthropic funds, while not leading to the creation of a new, stand-alone entity. By partnering with an existing entity to administer any philanthropic funds received, CSAC can avoid any concerns about creating and staffing a new stand-alone non-profit entity that might displace state workers at CSAC.

In addition to helping create new partnership opportunities for CSAC to leverage its mission to advance college affordability, the enactment of this measure would also promote greater transparency around these funding opportunities.

REGISTERED SUPPORT / OPPOSITION:

Support

California Student Aid Commission (Sponsor)
UNITE-LA, Inc.
University of California Student Association

Opposition

None on file.

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