

Date of Hearing: April 23, 2019

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Jose Medina, Chair
AB 697 (Ting) – As Amended March 28, 2019

SUBJECT: Student financial aid: Cal Grant Program: qualifying institutions

SUMMARY: Prohibits a postsecondary educational institution from participating in the Cal Grant program if the institution provides preferential treatment in admissions to an applicant with a relationship to a donor or alumni of the institution.

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) Establishes the Cal Grant A and B Entitlement Programs, the California Community College Transfer Cal Grant Program, the Competitive Cal Grant A and B Programs, the Cal Grant C Program, and the Cal Grant T Program, each with specified eligibility requirements related to the applicant's age, academic achievement, family income, maximum award amount limits, length of award eligibility, and other factors. (EC Sect. 69430, et seq.)
- 3) Requires a “qualifying institution”, i.e. an institution able to enroll Cal Grant recipients, to:
 - a) Meet federal financial aid standards
 - b) Maintain a student loan default rate below 15.5 percent and a graduation rate above 20 percent. (Institutions with 40 percent or less of undergraduates borrowing federal student loans are exempt from these requirements.)
 - c) Report enrollment, persistence, and graduation data for all students and Cal Grant recipients as well as job placement and earnings data for occupational programs. (EC Sect. 69432.7.)

FISCAL EFFECT: Unknown

COMMENTS: *Purpose.* The author refers to the recent college admissions scandal – stemming from a federal criminal investigation known as “Operation Varsity Blues” – which has resulted in numerous bribery and fraud charges against wealthy parents seeking to get their children into elite universities. The author maintains that this scandal has also shed light on the many *legal* ways that wealth and social connections can skew the college admissions.

The author refers to the 2018 Survey of College and University Admissions Directors, where 53 percent of the private nonprofit baccalaureate-degree granting schools participating in the survey indicated that they use legacy status as a factor in admissions. Interestingly, only 34 percent of the admissions directors at the private nonprofit institutions agreed that the use of legacy status was appropriate.

The author also indicates that 65 percent of high school counselors believe that their students with legacy status appear to have much better chances of admission than others applying to

competitive colleges. When legacy considerations are coupled with the use of achievement test preparation services, private tutoring, and college admissions consulting, the author believes that the many legal advantages wealthy families have in the college admission process can discourage many other families “who already feel the odds are stacked against them...”

AB 697 would prohibit an institution, as a condition of participating in the Cal Grant program, from providing preferential admissions consideration to an applicant related to a donor or alumnus of that institution. The author believes that this will “make the college admissions process more equitable and fair for all hardworking students across California.”

No Issue for the Public Institutions. Of the state’s three public segments of higher education, the California Community Colleges operates by open enrollment rather than through any kind of selective admissions process. The California State University indicates that it has no systemwide policy either prohibiting or allowing legacy admissions.

With respect to the University of California, the Regents Policy Barring Development Considerations from Influencing Admissions Decisions (1998) states in part that, “Admissions motivated by concern for financial, political, or other such benefit to the University do not have a place in the admissions process.” UC indicates that it does not consider the legacy status of undergraduate applicants at any point during the admissions application and review processes. The undergraduate admissions application purposely does not contain any items that directly or indirectly refer to applicants’ ties to the University by way of relatives’ past or present UC matriculation and/or graduation. Also, campus supplementary application materials (e.g., questionnaires, recommendation forms) do not contain any items regarding applicants’ legacy status.

Independent Institutions. Time did not permit a determination for this analysis as to how many of the state’s private nonprofit institutions currently take an applicant’s family connection to the school into account when making admissions decisions, and more specifically, how many such institutions also participate in the Cal Grant program. It is also unknown to what extent, if any, the use of legacy admissions preferences at these institutions “crowds out” admissions slots for other students who meet the institutions admissions requirements. Based on the national survey mentioned above, there are probably many California independent institutions that at least take legacy into account as part of a holistic admissions-screening process. *With enactment of this bill, these institutions would face a choice – either discontinue applying any legacy-type admission preferences or discontinue participation in the Cal Grant program.*

Cal Grant participation among the state’s independent institutions, and their students, is not insignificant. In 2017-18, 71 of 84 institutions within in Association of Independent California Colleges and Universities (AICCU) enrolled Cal Grant recipients. These schools had a combined undergraduate enrollment in that year of 182,000 students. Of this total, over 27,000 received a Cal Grant. (About one-half of these recipients attended just 10 of the AICCU schools.) While overall, 15 percent of the AICCU students were Cal Grant recipients, some schools had much higher percentages of their students participating in the program. Those with at least double the statewide average were: Mount Saint Mary’s University (42%), Holy Names University (39%), Mills College (34%), University of the Pacific (33%), Whittier College (32%), and La Sierra University (30%).

The maximum Cal Grant for a student attending an independent institution is currently \$9,084. (In 2017-18, the average Cal Grant award for these students was about \$8,500.) By allowing the

use of Cal Grants at the non-public institutions, the state is providing Cal Grant recipients a greater diversity of schools from which to choose. The state also benefits, in that enrollment pressures at the public institutions are somewhat reduced and the Cal Grant award for these students is less than the average per-student state subsidy for a Cal Grant recipient attending a public college, i.e. when the Cal Grant award and the associated state General Fund cost for that student are combined.

Opposition. The AICCU acknowledges that the recent federal investigation “revealed an elaborate scheme involving illegal activities...”, but goes on to note that the scandal “...did not, however, involve the admission of any applicant due to the improper use of legacy admissions policies or philanthropic gifts to the institutions, two issues AB 697 seeks to regulate.” AICCU believes that the bill “risks undue harm to low-income students without addressing the underlying causes of the scandal.” AICCU sees the bill as a threat to student access to the Cal Grant program, and opposes unless amended to remove any tie to the program.

Related Legislation.

AB 1383 (McCarty), also on today’s committee agenda, prohibits a UC or CSU campus from admitting any student by admission by exception unless approved, prior to the student’s admission, by at least three campus administrators

ACR 64 (McCarty), also on today’s committee agenda, requires that the CSU Trustees and the UC Regents conduct a study on the usefulness, effectiveness, and need for the SAT and ACT to determine student admissions.

REGISTERED SUPPORT / OPPOSITION:

Support

Student Senate for California Community Colleges

Opposition

None on file.

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