

Date of Hearing: March 19, 2019

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 2 (Santiago) – As Amended March 11, 2019

SUBJECT: Community colleges: California College Promise

SUMMARY: Expands the California Community College (CCC) Promise Program – a program that, subject to an appropriation, authorizes participating community college districts to waive enrollment fees for first-time, full-time students for one academic year – to (a) also waive these students' enrollment fees for a second academic year and (b) delete the requirement that only first-time students are eligible for the waiver. The waiver would not be available to any student who had previously earned a degree or certificate from a postsecondary educational institution.

EXISTING LAW:

- 1) Establishes a \$46/unit fee for students at the CCC, and waivers of such. (Education Code (EC) Section 76300.)
- 2) Provides for a waiver of fees for certain types of students, including those who meet minimum academic and progress standards adopted by the CCC Board of Governors (BOG) and have household incomes below certain thresholds established by the BOG or have demonstrated financial need pursuant to federal law.
- 3) Provides funding through state apportionments, pursuant to provisional language in the annual budget act, to offset districts' loss of fee revenue due to the BOG fee waiver, now referred to as the CCC Promise Grant.
- 4) Provides Cal Grant B Entitlement awards to students meeting specified income and asset thresholds, having at least a 2.0 GPA and applying either the year they graduate from high school or the following year. Awardees are entitled to a living allowance and tuition and fee assistance. Awards for first-year students are limited to an allowance for books and living expenses (\$1,672). In the second and subsequent years, the award also provides tuition and fee support. (EC Sect. 69435.)
- 5) 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 Sect. 88930.)
- 6) Establishes the California College Promise, which authorizes districts to waive fees for one academic year for first-time CCC students enrolling in 12 or more units per semester who also complete and submit either a Free Application for Federal Student Aid (FAFSA) or a California Dream Act application. (EC Sect. 76393.)
- 7) Declares legislative intent that sufficient funding be allocated to each community college to waive all student fees pursuant to (6).

- 8) Notwithstanding the fee waiver authorization per (6), the California College Promise legislation allows districts to use funds provided per (7) toward meeting other specified goals: (a) increasing college directly from high school and increasing the percentage of students placed directly in non-remedial courses; (b) increasing the percentage of students earning associate degrees or certificates; (c) increasing the percentage of students transferring to four-year institutions; and (d) reducing achievement gaps.
- 9) Requires districts, in order to participate in, and receive funding for, the Promise program to meet the following requirements: (a) partnering with local educational agencies on college outreach activities and to improve high school preparation for college; (b) using evidenced-based assessment and placement practices; (c) participating in the CCC Guided Pathways Grant Program to help students enter and stay on an academic path; (d) ensuring students complete the FAFSA or Dream Act application; and (e) participating in a federal student loan program.

FISCAL EFFECT: Based on the Governor's 2019-20 budget proposal, ongoing General Fund (Prop 98) costs are estimated at \$40 million to provide the second year of fee waivers for eligible full-time students. The cost to provide also provide waivers to full-time students who are not first-time students is unknown, but would be significant.

COMMENTS:

BOG Waiver. In 1984, when CCC enrollment fees were first introduced, the Legislature created the BOG fee waiver program, now called the California Promise Grant. This program waives the \$46 per unit enrollment fee for any CCC student who can demonstrate financial need, i.e. the difference between the total cost of attendance and the amount, based on a federal formula, that a student's family is expected to contribute toward that cost. Students apply for this fee waiver by completing either a FAFSA or a shorter form developed by the CCC Chancellor's Office, and the waiver is received for whatever number of units a student takes. (According to the CCC's grant application form, a student from a family of four with income below \$36,900 would be eligible for a Promise Grant in the current academic year.) In 2017-18, 41 percent of CCC students – representing almost two-thirds of units taken – had their enrollment fees waived through a California Promise Grant.

New Waiver Program. AB 19 (Santiago), Chapter 735, Statutes of 2017, established the California College Promise program. The Legislature's stated intent in creating the program was to support the community colleges in increasing college readiness, improving student outcomes, and reducing achievement gaps. The state provided \$46 million for this program in the current 2018-19 fiscal year. Under this program, community colleges are authorized, but not required, to waive fees for first-time, full-time students without financial need for their first year of college. To be eligible for these waivers, students must have no prior postsecondary coursework, enroll in 12 or more units per semester, and submit a FAFSA or a California Dream Act application. Colleges also are permitted to use their College Promise funds for a range of other purposes, such as providing supplemental services to students.

Purpose. AB 2 expands the AB 19 Promise program in two ways. First, it removes the requirement that only first-time students may qualify for the fee waiver, thus any student who is not already qualified for a BOG fee waiver, based on financial need, would qualify for the AB 19 fee waiver if they are enrolled in 12 or more units, unless they had previously-earned a degree or

certificate. Second, AB 2 authorizes a fee waiver to full-time students for a second year of community college enrollment.

Notably, the Governor's 2019-20 budget proposal includes a total of \$80 million to provide fee waivers for two years to *first-time students*. (Unlike AB 2, the Governor has not proposed removing the first-time enrollment requirement.) Though the budget proposal represents the estimated cost to the fee waiver to first-time, full-time students without financial need under the BOG fee waiver program, colleges could still use their additional College Promise funds for other purposes, consistent with the provisions of AB 19.

Legislative Analyst's Office (LAO) Analysis of Budget Proposal. As noted in paragraph (9) of the Summary section above, community colleges must meet specified requirements in order to receive college promise funds. The LAO indicates that, in 2018-19, 105 colleges have indicated they are meeting all program requirements and are, in turn, receiving College Promise funds. Nine colleges have opted out of the program, primarily out of concern that the offering of federal student loans will increase their cohort default rates. (Colleges must maintain cohort default rates below a certain threshold to remain eligible for federal financial aid, including the Pell Grant program.)

The Chancellor's Office allocates College Promise funds primarily based on the estimated number of students at each college who are eligible for fee waivers under the program. According to the Chancellor's Office, 85 of the 105 colleges receiving College Promise funds are using some or all of their funds to provide fee waivers to first-time, full-time students without financial need. The remaining 20 colleges are using the funds for other purposes, such as book stipends for financially needy students and additional financial aid staff positions. The Chancellor's Office indicates that some colleges are opting to use College Promise funds for other purposes because they already had local programs waiving fees for AB 19-eligible students.

The LAO has recommended that the Legislature reject the Governor's budget proposal to expand the College Promise Program for three reasons. First, since the program is in its first year, the state does not yet know the effect of the program on overall enrollment, full-time enrollment, financial aid participation, and other student outcomes, thus it is too soon for the Legislature to evaluate the current program.

Second, as the program primarily benefits students who are not considered financially needy, while lower income students receiving BOG fee waivers still face other challenges in meeting their total college costs, the Legislature may have higher priorities for use of the funds.

Third, colleges now have other, stronger incentives to provide student support and improve student outcomes. Specifically, AB 705 (Irwin), Chapter 745, Statutes of 2017 requires colleges to use multiple measures to determine whether incoming students can be placed into transfer-level coursework—one of the six practices required under the College Promise program. The Student Equity and Achievement Program, a \$475 million block grant created in 2018-19, requires colleges to adopt practices that overlap with two of the College Promise program requirements. The 2018-19 budget package also created a new funding formula that bases a portion (roughly \$800 million in the current year) of a college's general purpose apportionments on student outcomes. Together, these recent reforms create incentives that are similar to—and considerably larger than—those created under the College Promise program.

In support, this bill's sponsor, the Los Angeles Community College District, describes its unique position to examine the efficacy of a potential second year of free tuition. The district began its own promise program in 2017 with funding support from the Los Angeles Mayor's Office, thus it has two years' experience with a free tuition program. The district reports, under its promise program, a 24 percent increase in direct college entrants from the Los Angeles Unified School District (LAUSD) and a 54 percent increase in direct full-time entrants from LAUSD. The district also indicates that the program cohort of 5,400 students is 87 percent Latinx and 81 percent low-income. Furthermore, the fall-to-fall persistence rate for program participants was 76 percent, compared to 71 percent for all new first-time students and 56 percent for all new students, and the program doubled the number of students completing transfer-level English and math in their first academic year.

REGISTERED SUPPORT / OPPOSITION:

Support

American Academy of Pediatrics, California
City College of San Francisco
Foothill-De Anza Community College District
Kern Community College District
Long Beach Community College District
Los Angeles College Faculty Guild, Local 1521
Los Angeles Community College District (Sponsor)
Los Angeles Unified School District
Los Rios Community College District
Mayor of Los Angeles
Peralta Community College District
Protect California
San Diego Community College District
Santa Monica College
South Orange County Community College District

Opposition

None on file

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