

Date of Hearing: May 13, 2020

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 2030 (Blanca Rubio) – As Amended March 5, 2020

SUBJECT: Student financial aid: Cal Grant Program.

SUMMARY: Establishes a formula to determine the amount of Cal Grant awards for students attending California independent, nonprofit colleges and universities (ICCU). Specifically, **this bill:**

- 1) Establishes, for the 2021–22 award year, and each award year thereafter, that the maximum Cal Grant award for tuition for a student attending an ICCU shall be set and maintained at 68.17% of the sum of the General Fund (GF) share of the California State University (CSU) marginal cost of instruction and the maximum Cal Grant award for tuition at the CSU system.
- 2) Requires the Department of Finance to certify the current GF share of the CSU marginal cost of instruction.
- 3) Requires that the Cal Grant award, for new recipients attending ICCUs commencing with the 2021–22 award year, and each year thereafter, shall be the amount determined pursuant to (1) above.
- 4) Specifies that, notwithstanding (3) above, award amounts for new recipients attending ICCUs, may be determined in the annual Budget Act if, ICCUs, as a group, accept less than the following number of new unduplicated transfer students who have been given associate degree for transfer commitments in the prior award year:
 - a) For the 2021–22 award year, 2,000 students;
 - b) For the 2022–23 award year, 3,000 students;
 - c) For the 2023–24 award year, 3,500 students; and,
 - d) For the 2024–25 award year, and each award year thereafter, the target number of students as specified.
- 5) Removes provisions in existing law that allow, in lieu of using amounts derived from the new Cal Grant formula, award amounts for new recipients attending ICCUs, be determined in the annual Budget Act, if, as a group, ICCUs accept less than a specified number of new unduplicated transfer students who have been given associate degrees for transfer commitments in specified award years.
- 6) Makes clarifying and technical changes to existing law.

EXISTING LAW:

- 1) Stipulates that public higher education in the state consists of: 1) the California Community Colleges; 2) the California State University (CSU), and each campus, branch, and function thereof; and, 3) the University of California (UC), and each campus, branch, and function thereof. Defines “independent institutions of higher education” as those nonpublic higher education institutions that grant undergraduate degrees, graduate degrees, or both, and that are formed as nonprofit corporations in this state and are accredited by an agency recognized by the United States Department of Education (Education Code (EC) Section 66010).
- 2) Authorizes the Cal Grant program, administered by the California Student Aid Commission (CSAC), to provide grants to financially needy students to attend a college or university. The Cal Grant programs include both the entitlement and the competitive Cal Grant awards. The program consists of the Cal Grant A, Cal Grant B, and Cal Grant C programs, and eligibility is based upon financial need, grade point average (GPA), California residency and other criteria. Maximum award amounts for CSU and UC are established in the annual Budget Act and have traditionally covered all systemwide tuition and fees (EC Sections 69430 - 69433).

FISCAL EFFECT: Unknown

COMMENTS: *Purpose of this measure.* According to the Association of Independent California Colleges and Universities (AICCU), sponsors of this measure, “the recent novel coronavirus outbreak has created significant financial uncertainty for the state and national economy, as well as for California families. Now more than ever, it is critical that the state reassures low-income students that their Cal Grant award is stable, and not subject to discretionary budget cuts, especially during this vulnerable time. Cal Grant recipients attending a UC or CSU have this assurance, and the state must support Cal Grant recipients attending independent, nonprofit colleges and universities with a similar guarantee.”

According to the author, the state used to utilize a funding formula to establish the Cal Grant award amount for students attending ICCUs. However, the state eliminated the formula in 2000 and has since set the award amount as part of annual budget negotiations.

The author notes that, “The absence of a policy basis or formula for this award level has contributed to:

- 1) Inequitable support for Cal Grant students attending ICCU institutions;
- 2) Stagnation in the award amount and loss of purchasing power for students; and,
- 3) Minimal Cal Grant enrollment growth at ICCU institutions, despite ongoing capacity issues at public segments and slower tuition growth in the ICCU sector.”

The author contends that, “the California Master Plan for Higher Education recognized the integral role of private/independent institutions of higher education in meeting California’s educational needs, and declared the institutions must be included in planning for the state’s demand for higher education. California’s private nonprofit sector serves 354,000 students, including 22% of undergraduates and 53% of graduate students, and nearly half (46%) of the sector’s Cal Grant recipients are Latino. In the absence of a Cal Grant formula for students attending independent nonprofit colleges and universities, students and their families lack

predictability in the award level and it creates real challenges in deciding where to attend college.”

AB 2030 measures the average state investment in a Cal Grant student attending a CSU and calculates a maximum award level set to a percentage of that amount.

To note, the Legislative Analyst’s Office (LAO) in its 2018-19 Budget Higher Education Analysis, recommended the state consider using a Cal Grant formula similar to what the state used over 20 years ago. The LAO analysis stated, “To improve students’ buying power and choice, we recommend the Legislature increase the Cal Grant award for students attending these [ICCU] institutions. In setting the award amount, we recommend the Legislature use the state’s historic Cal Grant formula for private colleges.”

Additionally, the CSAC adopted the reinstatement of a formula for the annual adjustment to the maximum Cal Grant for students attending ICCUs as part of CSAC’s concepts of reforming the Cal Grant program during CSAC’s November 2018 meeting.

Cal Grant program. The state's Cal Grant program, created in 1955, provides state grants to qualified California high school graduates and community college transfer students who meet both financial need and academic criteria.

To note, eligible California high school graduates choosing to attend ICCUs in the state are able to benefit from the following Cal Grant programs:

- 1) Cal Grant A Entitlement Awards. Students that meet income, asset and other eligibility requirements, have at least a 3.0 GPA, 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.
- 2) Cal Grant B Entitlement Awards. Students that meet income and asset thresholds (lower than Cal Grant A) 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 first-year students are limited to an allowance for books and living expenses (\$1,678). To note, in the second and subsequent years, the award also provides tuition and fee support.
- 3) California Community College 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.
- 4) 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. Annually, 25,750 Cal Grant Competitive awards are available. Of these, 12,875 (one-half) are for students who do not qualify for a Cal Grant Entitlement award, but who otherwise meet the Cal Grant requirements. The remaining awards are set aside for eligible CCC students.

Cal Grant dollars for students attending ICCUs have remained stagnant. Approximately 28,000 Cal Grant recipients attend private, non-profit colleges and universities. Existing law allows these students to receive up to \$9,084 in Cal Grant funding, as long as this sector meets specified goals for accepting community college transfer students. The Cal Grant amount for these students has essentially remained the same for 20 years, reducing its value by almost 50%. It appears that as a result of this, the number of Cal Grant recipients attending ICCUs, has remained relatively flat as well.

California's ICCUs. The AICCU, is comprised of over 80 ICCUs. The ICCU segment enrolls approximately 21% of undergraduates attending a 4-year institution in California, 56% of graduate students (Master's and Doctorate Degrees). Fifteen percent of students attending ICCUs receive Cal Grants; 31% receive Pell Grants. Additionally, \$1.9 Billion in institutional grant aid is provided annually to students attending ICCUs.

To note, almost 40% of California's ICCUs are Hispanic Serving Institutions. Additionally, 64% of ICCU Cal Grant students graduate in four years.

Prior legislation. AB 1307 (Blanca Rubio) of 2019, which was vetoed by the Governor, was similar in nature to this measure. The Governor's veto message stated:

“This bill, commencing with the 2020-21 fiscal year, shifts the computation for the maximum Cal Grant tuition award for students attending private nonprofit institutions from being set in the annual budget act to a formula driven calculation if these institutions serve specified numbers of transfer students.

While this is a worthy measure, it creates ongoing General Fund costs in the tens of millions of dollars annually, and should be considered in the annual budget process.”

AB 1166 (Burke) of 2017, which was held in this Committee by the request of the author, was similar in nature to this measure.

AB 831 (Bonilla) of 2015, which was held on the Assembly Appropriations Suspense File, was similar in nature to this measure.

AB 1318 (Bonilla) of 2014, which was held by the author on the Senate Floor, was similar to this measure except that under AB 1318, students attending for-profit WASC accredited institutions would also have been eligible for the increased award amount.

REGISTERED SUPPORT / OPPOSITION:

Support

Association of Independent California Colleges & Universities (AICCU) (Sponsor)
Asian Americans Advancing Justice - California
California Catholic Conference
Hispanic Association of Colleges and Universities (HACU)
La Sierra University
San Gabriel Valley Economic Partnership
UNITE-LA, Inc.

University of Redlands
University of Southern California

Opposition

None on file.

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