

Date of Hearing: April 24, 2018

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 2248 (McCarty) – As Amended April 16, 2018

SUBJECT: Student financial aid: Cal Grant program

SUMMARY: As proposed to be amended, requires the California Student Aid Commission (CSAC) and postsecondary educational institutions to notify students regarding the four-year time limit for Cal Grants and the need to take 30 units per year in order to graduate in four years. Specifically, **this bill**:

- 1) Requires CSAC, when making an initial and subsequent renewals of Cal Grant awards, to notify the recipient in writing of both of the following:
 - a) That the Cal Grant award is limited to four years, except for five-year programs as prescribed by an educational institution; and,
 - b) That the student needs to take 15 units per semester, or the equivalent quarter units, or 30 semester units, or the equivalent quarter units, per academic year in order to graduate in four years.
- 2) Requires postsecondary institutions participating in the Cal Grant program to notify every new student in writing of the information in (1) (a) and (b) during the new student's orientation.
- 3) Requires the financial aid office of an institution participating in the Cal Grant program, upon a financial aid recipient's annual registration with that office, to notify that student in writing of the information in (1) (a) and (b).

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) 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 Sect. 69432.7(f) (2))
- 4) 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 Sect. 69433.5 (d) (1))

FISCAL EFFECT: Unknown

COMMENTS: *Purpose.* The author notes the large number of the state's public college and university students requiring five or six years to graduate, and emphasizes that this additional time increases costs to students and the state and clogs up our institutions of higher education. The author expresses the impact to students taking one additional year to graduate in terms of lost income, additional costs of attendance, and additional compounded interest on student loans. The author estimates the average net impact for one year of additional attendance at around \$80,000 for a University of California (UC) student and almost \$70,000 for a California State University (CSU) student. In addition to the extra costs to students, there is the extended per-student state subsidy when a UC or CSU student takes longer than four years to graduate.

The author notes that, under the current statutory definition of full-time enrollment by Cal Grant recipients, a student taking 12 units per semester would need at least 10 semesters and five years to acquire the 120 units necessary for graduation. The author believes it is important to inform students about this disconnection between what is considered "full-time" and the number of units required per semester and academic year to graduate in four years.

AB 2248 requires CSAC to notify students when they are awarded a Cal Grant, and upon the annual renewal of their Cal Grant, that their Cal Grant eligibility will run out after four years and that they need to take 15 units per semester, or 30 units per academic year, if they want to graduate in four years. The bill also requires these same notifications by campuses during student orientation and when students register with the campus financial aid office.

UC/CSU Cal Grant Recipients and Their Course Loads.

- 1) UC enrolled 77,000 Cal Grant recipients in 2016-17. UC reported that about 42% of these students enrolled in at least 30 units during the academic year. (Enrollment means a student had not dropped the course prior to a campus's drop/add deadline, which is typically about four weeks after instruction begins. The number of enrolled students who thus successfully completed 30 units is probably slightly less than indicated above.) Another 51% (34,500 students) would have been between one and five credits short of meeting the 30-unit requirement.
- 2) CSU enrolled 126,000 Cal Grant recipients in 2016-17. About 24% (31,600) of these students enrolled in 30 or more units. An additional 11,000 students took at least 15 units in either the fall or spring semester. For the Fall 2016 semester, 73,000 (60%) of the students took between 12 and 14 units.

How Many Credits Should an Undergraduate Take? In a 2014 research paper with this exact title, the authors looked at the impact of students taking 12 versus 15 units in their first semester of college on the students' ability to graduate within six years. The study was thus examining the role of "academic momentum" – the speed of progress towards a degree resulting from the rate of credit accumulation. This can occur through taking more credits per semester, but also by enrolling in summer sessions and in bridge programs prior to starting school.

The authors found that, after adjusting for differences in observable background characteristics – level of academic preparation, race/ethnicity, educational attainment of parents', and work demands – academically and socially similar students who initially attempt 15 rather than 12 credits graduate at significantly higher rates within six years of enrollment, and that those who increase their credit load from below 15 units to 15 or more units in their second semester are more likely to finish within six years than students who stay below this threshold. These findings

applied to all groups and subgroups of students except those who were working more than 30 hours per week.

A Focus on Timely Completion. In recent years, the state's public higher education segments, with support from the Legislature, have placed more emphasis on improving student outcomes; from the student success initiative and guided pathways at the CCC, to the graduation initiative and California Promise Program at CSU, to the development of associate degrees for transfer between the CCC and CSU and the transformation of remedial education within both segments.

Individual campuses are also taking steps to increase students' course-taking. For example, CSU Sacramento (CSUS) has recently placed a priority on getting first-time freshman to start out on a four-year degree path. As a result of these efforts, which include deliberate messaging (as with this bill), priority registration and enhanced advisement, from Fall 2015 to Fall 2017, the number of first-time freshman enrolling in 15 or more units increased by 40%, and constituted two-thirds of the Fall 2017 freshman class at CSUS. In contrast, slightly less than half of all first-time CSU freshman took at least 15 units last fall.

In the study on course taking referenced above, the authors almost lament that, over time, taking 12 units has come to be thought of as the norm at many college campuses. Many students, especially entering freshman, may register for 12 credits because this is what they see most other students doing and no credible authority steps in to suggest this course of action will require more time in school. The authors advocate changes at the campus level similar to what is taking place at CSUS in moving toward a 15-unit norm. The multiple notifications proposed by AB 2248 are one attempt to encourage such a cultural change at campuses statewide, and principally among those students who rely on state financial aid.

Amendments. The amendments are simply clarifying in nature, and are reflected in the Summary of this analysis.

Related Legislation Somewhat in Conflict. Three pending measures have provisions that, if enacted, would conflict with at least part of the notifications required by AB 2248. The author may need to eventually amend this bill for consistency with any or all of these measures.

AB 2306 (Santiago), pending on the Assembly Appropriations Suspense file, provides a community college transfer student with a total of six years, instead of four years, of Cal Grant eligibility.

AB 3153 (Levine), also on today's committee agenda, allows Cal Grant recipients to receive an additional Summer Cal Grant award (beyond the four-year limit) for two summer terms of up to nine units for the purpose of timely completion of a baccalaureate degree.

SB 940 (Beall), pending on the Senate Appropriations Suspense file, in part increases, from four years of enrollment to eight years, the amount of time that students who are current or former foster youth can receive a Cal Grant B Entitlement award.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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