

Date of Hearing: April 3, 2018

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 2306 (Santiago) – As Introduced February 13, 2018

SUBJECT: Student financial aid: Cal Grant Program

SUMMARY: Stipulates that a California Community College (CCC) applicant, or a former community college student who transfers to a four-year institution after having received a Cal Grant award while enrolled at a community college, and who meets all other Cal Grant eligibility criteria, shall be eligible to receive the Cal Grant award in the amount equivalent to six years of full-time attendance, instead of only four years of full-time attendance, in an undergraduate program, and makes conforming changes.

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 (CCC) 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) Cal Grant B Awards. Students that meet income and asset thresholds and other eligibility requirements, have at least a 2.0 GPA are entitled to a living allowance and tuition and fee assistance. Awards for most first-year students are limited to an allowance for non-tuition costs (access award), such as books and living expenses (currently \$1,672). In the second and subsequent years, the award also provides tuition and fee support. (EC Sect. 69435.)
- 4) Provides for a waiver of CCC enrollment fees – the California College Promise Grant (formerly Board of Governors (BOG) fee waiver) – for certain types of students, including those with household incomes below certain thresholds established by the BOG or with demonstrated financial need, pursuant to federal law. (EC Sect. 66025.3.)
- 5) CCC Full-Time Student Success Grant. Provides up to \$1,000 annually to supplement the Cal Grant B or C access award for recipients who enroll in 12 or more credit units per semester. (Budget Act of 2015 and thereafter.)
- 6) CCC Completion Grant. Provides up to \$2,000 annually to supplement the access award and the Full-Time Student Success Grant for Cal Grant B or C recipients who develop a comprehensive education plan and enroll in 15 or more units per semester. (EC Sect. 88910, et seq.)
- 7) Defines "part-time" enrollment, for purposes of eligibility for a partial Cal Grant award, as taking 6 to 11 semester units, inclusive, or the equivalent. (EC Sect. 69432.7(f) ((1))

- 8) 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))
- 9) 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))
- 10) Stipulates that, an individual selected for a Cal Grant A award who enrolls in a CCC may elect to have the award held in reserve for up to two academic years, except that the CSAC may extend this to three academic years if the commission determines that the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. (EC Sect. 69434.5)
- 11) Under the CCC Transfer Cal Grant Entitlement Program, a student age 27 or less who was not awarded a Cal Grant A or B award at the time of his or her high school graduation but, at the time of transfer from a CCC to a qualifying baccalaureate program, or upon matriculation into the upper division coursework of a community college baccalaureate program, and who meets all other eligibility criteria, shall be entitled to a Cal Grant A or B award. (EC Sect. 69436)
- 12) The federal Pell Grant provides aid to students who demonstrate financial need, and can be used for tuition and fees, books and supplies, transportation, and living expenses for the equivalent of up to six years of full-time enrollment. The maximum Pell Grant for 2017-18 is \$5,920. (20 U.S. Code Sect. 1070.)

FISCAL EFFECT: Unknown, but likely very significant.

COMMENTS: *Background and Purpose.* In general, community college students take four years or more to transfer to a four-year institution, and upon transfer, most take another three to four years to graduate. (It should be noted that, in many cases, this extended time to earn a degree is due to many students' need for remedial education prior to commencing on a degree path, their inability to gain timely access to oversubscribed courses required for transfer, and to part-time enrollment.) Because Cal Grant eligibility extends to the equivalent of only four years of full-time enrollment, many community college students do not apply for a Cal Grant in order to preserve their financial aid eligibility at four-year schools, where tuition costs are higher and fully covered by the Cal Grant (in the case of the University of California (UC) and the California State University (CSU)). (In general, CCC students who are Cal Grant-eligible already receive a waiver of CCC per-credit fees via the California College Promise Grant (formerly the BOG fee waiver).

According to the author, the four-year limit on Cal Grant eligibility creates a barrier to the use of the Cal Grants that disadvantages community college students and prolongs their educational careers as they choose to "save" the Cal Grant for the university. The author describes the scope of this issue by comparing the relative use of three financial aid programs focused on low-income students. While nearly one million of the 2.4 million CCC students use the California Promise Grant, less than half a million receive a federal Pell Grant and only slightly more than 100,000 receive a Cal Grant award each year. This underutilization of the latter programs probably leads many financially disadvantaged community college students to increase their work hours and/or reduce their course loads.

To address the above issue, AB 2306 would extend Cal Grant eligibility for community college students to the equivalent of six years of full-time enrollment, thus aligning with the six-year eligibility period for the Pell Grant program. The author believes this will enable more community college students to receive a Cal Grant while completing their CCC studies and still have sufficient remaining Cal Grant eligibility at a four-year school.

What is the Current Situation? To examine the extent to which current CCC students use their Cal Grant awards, CSAC provided data on both currently-enrolled CCC students and former students who have transferred and have received a renewal Cal Grant award for the 2017-18 academic year. Of the 80,000 CCC students, about one-fourth will have used more than two years of their Cal Grant eligibility at the CCC, as of the end of this academic year, and about 4% have used more than three years of their eligibility so far while at the CCC. It is unknown how much longer each of these students will remain at the CCC prior to their transfer, but these 25,000 students will have used at least more than half of their Cal Grant eligibility prior to transferring to a four-year school. It is thus likely that their Cal Grant eligibility will be fully expended prior to their graduation. Since this data is just a snapshot, it is also unknown how much more of their Cal Grant eligibility the other 55,000 CCC students – who have thus far used less than two years of eligibility – will exhaust prior to transferring.

Data reviewed on transferred CCC students was limited. However, data from UC indicates that, of 1,500 new transfer enrollees in 2013-14 who received a Cal Grant award while enrolled at the CCC, one-third lost their Cal Grant eligibility within the first two years after transfer and another one-quarter lost their eligibility in the third year after transfer.

The discussion above covers only Cal Grant award recipients. It does not account for those CCC students who are deemed eligible for a Cal Grant but elect to delay getting an award in order to preserve their eligibility until they transfer in order to ensure that they will maintain eligibility through to graduation at a four-year school. Nor does the data account for likely eligible students who do not even apply for a Cal Grant.

Based on the data above and the large disparity between the usage of Cal Grants vs. Pell Grants at the CCC, it is likely that extending Cal Grant eligibility to six years would result in (1) more Cal Grant awardees actually utilizing more of their eligibility while at the CCC and (2) more otherwise eligible CCC students likely taking advantage of the Cal Grant program while attending a community college.

On the Other Hand. In recent years, the CCC has been implementing several initiatives to increase the likelihood of student success, including reducing the time required for students to achieve their educational goals. These efforts include: transformation of remedial education, enhanced assessment, orientation, and educational planning support, the development of associate degrees for transfer to CSU, and the use of guided pathways.

In addition, the state has provided additional funding to incentivize more intensive course-taking by Cal Grant recipients at the CCC. Specifically, students taking at least 12 units per semester receive a Full-Time Student Success Grant, which in the current year provides up to \$500 per semester to supplement the Cal Grant B access award. Moreover, the CCC Completion Grant provides up to \$1,000 per semester to supplement the access award and the Full-Time Student Success Grant for Cal Grant B recipients who develop a comprehensive educational plan and enroll in 15 or more units per semester. Thus a Cal Grant B student taking 30 units in an

academic year can receive almost \$4,700 in direct aid from the state to cover education expenses, in addition to receiving a fee waiver.

One must ask whether extending Cal Grant eligibility by two years as proposed by AB 2306 will provide a countervailing incentive for CCC transfer students to take fewer units and thus lengthen their time to transfer. For some students, this will probably be the case. The more desirable outcome with this bill, however, is that more CCC students will apply for, accept, and use their Cal Grant awards, reduce their work hours, increase their course loads – and in doing so take advantage of the additional, incentive grants – and thus transfer more quickly.

Related Legislation. AB 2248 (McCarty), also on today's committee agenda, redefines full-time enrollment, for purposes of determining Cal Grant eligibility, as taking at least 30 units per academic year. Cal Grant recipients would not be subject to the 30-unit requirement while attending a community college.

AB 3153 (Levine), pending in this committee, intends to allow Cal Grant recipients to receive additional Cal Grant awards for the equivalent of two summer sessions or terms of full-time attendance.

REGISTERED SUPPORT / OPPOSITION:

Support

Alliance for Children's Rights
 California Student Aid Commission
 Community College League of California
 Faculty Association of California Community Colleges
 Foothill-De Anza Community College District
 Kern Community College District
 Los Rios Community College District
 North Orange Community College District
 Peralta Community College District
 San Diego Community College District
 San Francisco Community College District
 San Jose-Evergreen Community College District
 South Orange County Community College District
 Yuba Community College District

Opposition

None on file.

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