

Date of Hearing: April 12, 2016

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 2506 (Thurmond) – As Amended March 30, 2016

SUBJECT: Student financial aid: Chafee grant awards

SUMMARY: Requires the California Student Aid Commission (CSAC) to provide a Chafee Educational and Training Voucher (Chafee) to qualified students attending qualifying institutions. Specifically, **this bill:**

- 1) Makes a number of findings and declarations, including:
 - a) Current and former foster youth who attend college experience a low rate of persistence, transfer, and degree completion.
 - b) Receipt of financial aid plays an important role in persistence, transfer, and degree completion.
 - c) Access to the Chafee Educational and Training Voucher (Chafee) is limited. One in four eligible applicants is not awarded a grant due to limited funding.
 - d) Low educational attainment is a factor in the poor adult outcomes experienced by youth in foster care. Compared to their same-age counterparts, former foster youth at 26 years of age are 400 percent more likely to have been incarcerated and 300 percent more likely to be living below the federal poverty level.
 - e) The Legislature recognizes its responsibility to provide and adequately fund postsecondary programs and services for students who are current and former foster youth attending public postsecondary institutions.
 - f) The Legislature recognizes the importance of quality education, and has taken action in the past to ensure financial aid is directed to postsecondary institutions at which the graduation rate and cohort default rate reflect a reasonable likelihood of student graduation and success.
 - g) It is necessary and appropriate to take steps to encourage the enrollment, retention, and transfer of current and former foster youth in California's public colleges and universities by ensuring that all foster youth who meet the eligibility criteria for the Chafee receive a grant.
- 2) Establishes, to the extent permitted by federal law, standards for postsecondary educational institutions to be classified as Chafee qualifying institutions.
- 3) Requires the California Student Aid Commission (CSAC) to certify by October 1 of each year a postsecondary educational institution's latest three-year cohort default rate and graduation rate as most recently reported by the United States Department of Education.
- 4) Requires a federal Chafee participating institution to meet the following, consistent with Cal Grant institutional participation requirements:

- a) A three-year cohort default rate that is equal to or less than 15.5 percent, as certified by the commission on October 1, 2017, and on October 1 of any year thereafter.
 - b) For purposes of the 2017–18 academic year, and every academic year thereafter, a graduation rate of 30 percent or greater for students taking 150 percent or less of the expected time to complete degree requirements.
 - c) Provides that the aforementioned requirements do not apply to institutions with 40% or less of undergraduate students borrowing federal student loans.
 - d) Provides that the aforementioned requirements do not apply to institutions where an eligible Chafee grant recipient is attending an institution outside of California.
- 5) Requires CSAC to notify Chafee grant recipients regarding institutional ineligibility and to provide students with a list of eligible institutions.
 - 6) Provides that, commencing with the 2017-18 academic year, current and former foster youth are entitled to a Chafee grant award, and that CSAC shall allocate that award to foster youth that meet all of the following criteria:
 - a) He or she meets the Chafee grant requirements as set forth in the federal John H. Chafee Foster Care Independence Program.
 - b) He or she submits a Free Application for Federal Student Aid (FAFSA) and a Chafee grant application between January 1 and September 2 of each calendar year for the academic year beginning in the fall of that calendar year.
 - 7) Provides that the amount of any individual Chafee grant award shall depend on the cost of attendance at the qualifying institution at which the student is enrolled. For each applicant, the award amount shall not exceed the amount of the calculated financial need.

EXISTING LAW:

- 1) Establishes CSAC to administer California's student financial aid programs. CSAC administers the Chafee program funded by federal and state monies provided through the California Department of Social Services.
- 2) Federal law establishes the John H. Chafee Foster Care Independence Program to provide, among other benefits, education and training vouchers to qualifying current and former foster youth.

FISCAL EFFECT: Unknown.

COMMENTS: *Background.* The federal John H. Chafee Foster Care Independence Program (CFCIP) was created in 1999 to offer assistance to current and former foster care youths in achieving self-sufficiency. Federal grants are offered to States who submit a plan to assist youth in a wide variety of areas designed to support a successful transition to adulthood. The Educational and Training Vouchers Program (ETV) for Youths Aging out of Foster Care was added to the CFCIP in 2002. ETV provides resources specifically to meet the education and training needs of youth aging out of foster care.

In California, the Chafee Grant for Foster Youth provides up to \$5,000 in grants to foster youth. The budget for the program is about \$11.5 million, which is evenly split between federal funds (\$5.6 million) and the state General Fund. State funding for the program is accounted for in the Department of Social Services (DSS) budget, the funding is distributed to CSAC through a Memorandum of Understanding (MOU) that outlines program operations; CSAC then directs money to students pursuant to the requirements of the MOU. Current or former foster youth qualify for the Chafee if they are under age 22 and were in foster care in out-of-home placement at any time between the ages of 16 and 18. The maximum grant is \$5,000 per academic year; the average awarded grant in 2014-15 was \$3,251. The program serves about 2,228 students.

Purpose of this bill. According to the author, this bill seeks to address the low rates of college persistence and completion among foster youth in California. There are two deficiencies in current law that AB 2506 seeks to remedy:

- 1) *Insufficient funding.* The funding available to the Chafee is inadequate to meet the current demand, which has increased considerably with the expansion of foster care in 2012. In the 2014-15 school year, 4,609 students applied for the Chafee ETV and were determined to be eligible in 2014-15. However, due to insufficient funds, 1,115 eligible applicants did not receive a grant. Currently, there is no application deadline or guarantee of funds and applications are processed on a rolling basis until all funds are expended. This often results in students not learning whether they received a grant until well into the school term.

This bill would entitle all eligible students who apply for a Chafee by September 2nd to receive a grant. Committee staff notes there is no funding source provided in this bill. Additionally, issues such as maximum program awards are not addressed in this bill. Committee staff understands that the author's intent is for the requirements of this bill to supplement the existing requirements of the MOU; moving forward this intent should be clarified in the bill.

- 2) *Poor-quality institutions.* Current law does not require Chafee grants to be used at postsecondary institutions that meet baseline performance measures. The Cal Grant Program requires participating institutions to meet minimum rates of graduation and loan repayment. The author notes reports of for-profit colleges marketing specifically to vulnerable student populations, including veterans and foster youth, in order to access financial aid.

This bill would prohibit Chafee grants from being used at California institutions that fail to meet the graduation rate and cohort default rate requirements of the Cal Grant program. This change could affect existing grant recipients; moving forward the author may wish to consider allowing existing grant recipients to continue at their current institution. Alternatively, the bill could reinstate any lost award years to allow students to transfer to, and in some cases start over at, higher-quality institutions.

REGISTERED SUPPORT / OPPOSITION:

Support

Alliance for Children's Rights
American Federation of State, County and Municipal Employees
California Alliance of Children and Family Services
California State University, San Marcos

Cerritos College
Children's Law Center of California
Children Now
First Place for Youth
Foster Youth Success Initiative at Fullerton College
Frontier High School
Guardian Scholars Program, City College of San Francisco
Junior Leagues of California
Mission College
National Association of Social Workers-California Chapter
New Alternatives, Inc.
Plumas Crisis Intervention and Resource Center
Shasta College
Skyline College
Smith Renaissance Society at the University of California, Santa Cruz
University of Southern California
Voices Youth Centers of California
Woodland Community College

Opposition

None on File

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