

Date of Hearing: April 11, 2023

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

AB 376 (Villapudua) – As Amended March 28, 2023

SUBJECT: Student financial aid: Cal Grant C: driver training programs: commercial motor vehicles

SUMMARY: Establishes a pilot program available until January 1, 2028 for the purpose of expanding Cal Grant C eligibility to students participating in entry-level truck driving programs that meet specific requirements. Specifically, **this bill:**

- 1) Clarifies if funds are allocated and the Cal Grant Reform Act is enacted, students who otherwise would have qualified for Cal Grant C after January 1, 2024, will receive a prorated Cal Grant award.
 - a) Expands the qualifying occupational and technical training programs that would qualify a student for a Cal Grant C to include entry-level driver training programs that are offered at a qualifying institution until January 1, 2028.
- 2) Expands eligibility for Cal Grant C to include entry-level driver training programs, of less than four months, that are compliant with regulations adopted as enumerated in Section 15250.1 of the Vehicle Code and are offered at a qualifying institution.
- 3) Defines a “qualifying institution” as: an institution that has a graduation rate of at least 30 percent, has a driver training program that is approved by the Bureau of Private Postsecondary Education, and is listed as an approved training facility by the Federal Motor Carrier Safety Administration (FMCSA).

EXISTING LAW: *Federal Law.*

- 1) Establishes the training requirements for entry-level drivers including minimum content for theory and behind-the-wheel training curricula. Entry-level driver training is defined as training for those who apply for a commercial driver’s license (Code of Federal Regulations Title 49, Subtitle B, Chapter III, Subpart B, Part 380, Subpart F).
- 2) Establishes the FMCSA’s Trainer Provider registry. Requires institutions, who operate entry-level training programs, for a commercial driver’s license to comply with the requirements for the registry and to register to be listed within the Trainer Provider Registry (Code of Federal Regulations Title 49, Subtitle B, Chapter III, Subpart B, Part 380, Subpart G).

State Law.

- 1) Creates the Cal Grant C program for the purpose of providing financial resources to qualifying students, as defined, who seek to enroll in occupational and technical training programs that are aligned with the state’s dynamic economic needs as determined by CSAC in consultation with various state and federal agencies associated with workforce development. Cal Grant C will be authorized for training that is not less than four months and

the amount of the grant and number of recipients shall be determined in the annual Budget Act (Education Code (EDC) Section 69439).

- 2) Requires the Department of Motor Vehicles by June 5, 2020, to adopt regulations for entry-level driver training requirements for drivers of commercial motor vehicles that are in compliance with federal regulations for commercial motor vehicles. Requires the Department of Motor Vehicles to require the course of instruction for entry-level drivers, who seek a Class A or Class B commercial driver's license to complete a minimum of 15 hours of behind-the-wheel training, with at least 10 of those 15 hours being on a public road (Vehicle Code 15250.1).

FISCAL EFFECT: Unknown

COMMENTS: *Need for the bill.* The author contends, "according to the American Trucking Associations, the trucking industry was short roughly 78,000 drivers in 2022, and must hire nearly 1.2 million drivers over the next decade to address increased demands. During the height of the pandemic, California experienced the effect of the truck driver shortage on sectors such as agriculture, construction, and retail/manufacturing. AB 376 (Villapudua) seeks to address the truck driver shortage that is impacting the nation's supply chain by extending financial aid in the form of Cal Grant C to eligible students enrolled in an entry-level driver training program."

Cal Grant C and Cal Grant reform. In 2000, the State of California established the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program in an effort to remove any financial barrier in accessing higher education for all students. The California Student Aid Commission (CSAC) oversees state-funded financial aid programs in California and therefore, oversees the Cal Grant Program. Cal Grant A and Cal Grant B provide tuition waivers for students attending community colleges and/or four-year universities in pursuit of associate or bachelors degrees. Cal Grant C was created to assist vocational students with tuition and training costs. Cal Grant C provides up to \$1,094 in tuition for a student at a community college, or \$2,462 in tuition for students at a for-profit or non-profit institution. Additionally, Cal Grant C provides students with \$547 for books, tools, and equipment at an eligible higher education institution. At its establishment, Cal Grant C offered 7,761 awards to qualifying students. To qualify for Cal Grant C a student must:

- Meet the income qualifications which are the same income qualification for Cal Grant A [for a family of four: \$125,000 per year and for a family of three: \$115,000 a year]; and
- Enroll in an Occupational or Technical Training program of at least four months in length but not more than 24 months in length at an eligible postsecondary institution.

For a higher education institution to be eligible for Cal Grant, the institution must be an accredited institution to operate in the State of California, keep its federal student loan cohort default rate below 15.5% and keep its graduation rate above 30%.

In the last decade, efforts have been made to reform Cal Grant to expand and refine the financial aid program to provide maximum benefits to students. SB 1028 (Jackson), Chapter 692, Statute of 2014, refined the Cal Grant C program to give priority to students who meet certain criteria, including length of time a student had been unemployed, and priority to certain occupational programs with high employment needs as determined by CSAC in collaboration with workforce development agencies. After four years of discussions and a culmination of efforts by various

Assemblymembers and Senators, AB 183 (Committee on Budget), Chapter 54, Statute of 2022, established the Cal Grant Reform Act to streamline the Cal Grant system to maximize fiscal allocations to students to provide for tuition and non-tuition costs associated with attending a postsecondary education institution. The reform efforts removed the maze of Cal Grant options, which often confused students and parents as to which award they qualified for, and instead provided a simplistic two-tier award system. Cal Grant 2 will be for students who are attending a community college or a short-term vocational program. Cal Grant 4 will be for students attending a four-year university. Cal Grant C will be absorbed by Cal Grant 2 and the requirements for qualifying for a Cal Grant C will remain but students will receive a pro-rated award.

In 2019, the Legislative Analyst Office (LAO) published a report evaluating the Cal Grant C Program. The report found that in 2018-2019, all eligible applicants are approved for Cal Grant C awards and about 1/3 of applicants intend to pursue priority occupations as listed by CSAC. LAO found that about half of CCC students who receive the Cal Grant C award graduate from their intended program. The LAO determined that since 2010, some Cal Grant C awards go unused.


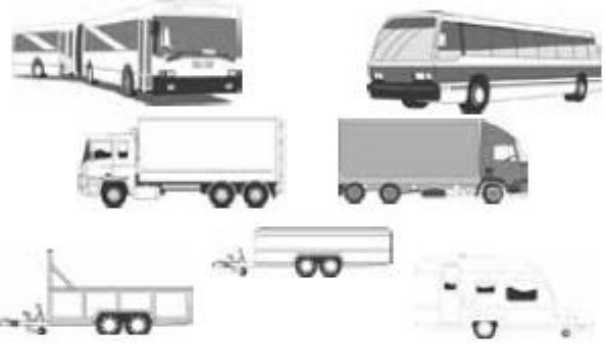
In their annual report on Cal Grant awards CSAC reported in 2022-2023, the number of new Cal Grant C awards was 1,109 and renewed Cal Grant C awards was 2,157. Of those provided, 1,842 were awarded to community college students, 92 to students attending independent institutions (non-profits), and 1,324 were attending for-profit institutions. The new award number is significantly less than the 7,761 Cal Grant C granted by the Legislature each year.

The original intention of Cal Grant C was to provide financial aid to students who required financial assistance to complete their educational program but did not wish to pursue traditional degree programs. Specifically, Cal Grant C is for students pursuing a vocational or career technical certificate in a program that lasts between four and 24 months. Since Cal Grant C is under awarding and has funds available each year, expanding the program to include entry-level truck driving would be a logical step in establishing a vocational pipeline for qualified commercial truck drivers. AB 376 (Villapudua) seeks to capitalize on the available funds by temporarily expanding Cal Grant C eligibility to entry-level truck driving programs in order to further reform efforts to provide additional financial aid to students.

Entry-level commercial driver training. Requirements for becoming a commercial truck driver (CDL) are established by both the State and the Federal Government. Those seeking to obtain a CDL in California, after February 2022, are required to complete a federally approved entry-level training program and a minimum of 15 hours of behind-the-wheel training. The entry-level driver training must be completed by a registered training provider as listed on the federal Training Provider Registry.

In California, there are 12 community colleges that offer entry-level driver training programs as listed on the federal training provider registry, the other 4,807 in-person programs are offered by either for-profits or non-profits in the state. Entry-level commercial driver training is required for a Commercial Class A or Class B license, but each requires different trainings as listed below:

Commercial Class:	Qualifies the Drive:	Educational Requirements:
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<p>Class A</p>	<ul style="list-style-type: none"> • Any single vehicle with a Gross Vehicle Weight Rating of more than 10,000 pounds; • A Trailer Bus with endorsement; and, • More than one vehicle with endorsements. 	<ul style="list-style-type: none"> • Theory Instruction Standard Curriculum, including basic operations, safe operating procedures, and non-driving activities; • Behind-the-wheel range; and • Behind-the-wheel public road.
<p>Class B</p>	<ul style="list-style-type: none"> • A single vehicle with a Gross Vehicle Weight Rating of more than 26,000 pounds; • A 3-axle vehicle weighing over 6,000 pounds; • A bus with endorsement; • Any farm labor vehicle with endorsement; and, • All vehicles under Class C. 	<ul style="list-style-type: none"> • Theory Instruction including basic operations, safe operating procedures, and non-driving activities; • Behind-the-wheel range; and • Behind-the-wheel public road.

Source: California Department of Motorized Vehicles

Commercial truck workforce. In October 2021, the American Trucking Associations Chief Economist, Bob Costello issued a statement noting that the national shortage of commercial drivers had risen to 80,000, and the shortage could surpass 160,000 by 2030. Mr. Costello also noted in his statement that, “before the pandemic, we were adding drivers to the industry even though we had a shortage, more people were entering the industry but the issue is that new entrants into the industry didn’t keep up with the demand for goods.” The demand outweighing the supply for commercial drivers was one of the contributing factors to the supply chain breakdown during the COVID-19 lockdowns. As the country and state move towards recovering from the pandemic, increasing the number of trained commercial drivers is key to ensuring the timely supply of necessary goods to produce and maintain a bustling economy. In California, according to the Employment Development Department, by 2028 there will be 388,620 positions available for truck drivers. California has sought to provide workforce pipelines for occupations

that would offer high wages to students and by expanding Cal Grant C to include entry-level truck drivers, AB 376 (Villapudua), California would establish a financial incentive for students to enter the transportation workforce.

The cost associated with obtaining a commercial driver's license on average is \$3,000. Federal financial aid is not available for vocational programs, which last less than 10 weeks; therefore, trucking programs, that last roughly four weeks, are not eligible for federal financial aid or federal student loans. Additionally, under current law, programs lasting less than 4 months are not eligible for state financial aid programs. Since federal and state financial aid and federal loans are not available to students wishing to complete entry-level commercial driver training programs, students must take out personal loans or use personal credit cards which have costly interest rates for students. AB 376 (Villapudua) seeks to rectify this by providing Cal Grant C to potential truck drivers to avoid the costly debt associated with the training requirements.

Arguments in support. As expressed by the California Trucking Association, a sponsor of AB 376 (Villapudua), "our coalition applauds Assemblymember Villapudua for his proactive response to address the driver shortage that has plagued the State's supply chain for decades. AB 376 seeks to address the truck driver shortage impacting the movement of goods within California and throughout the country by extending financial aid in the form of Cal Grant C to eligible low- and middle-income students enrolled in an entry-level driver training program. AB 376 extends Cal Grant C eligibility to include and prioritize students pursuing an entry-level driver training program of less than four months at a qualifying post-secondary institution."

Previous legislation. AB 183 (Committee on Budget), Chapter 54, Statute of 2022, among other things establishes the Cal Grant Reform Act, to eliminate barriers to Cal Grant awards that would allow about 150,000 more California students to become eligible, aligned Cal Grant eligibility with the new federal Student Aid Index. Created the Cal Grant 2 program for community college students, which provides non-tuition support that grows annually with inflation, and the Cal Grant 4 program for students at University of California (UC), California State University (CSU) and other institutions. The act also states legislative intent that UC and CSU use institutional aid to cover non-tuition costs for its students

SB 1236 (Monning), Chapter 984, Statute of 2018, required the Department of Motor Vehicle to require an applicant for a Class A or Class B commercial driver's license to complete a minimum of 15 hours behind-the-wheel training, as defined and required the department to adopt regulations related to entry-level driver training that mirrored the requirements from the Federal Government.

REGISTERED SUPPORT / OPPOSITION:

Support

Agricultural Council of California
Agriculture Transportation Coalition – Agtc
Associated Builders and Contractors of California
Bizfed - Los Angeles County
California Beer and Beverage Distributors
California Business Properties Association
California Business Roundtable
California Chamber of Commerce

California Farm Bureau
California Manufacturers & Technology Association
California Retailers Association
California Trucking Association
Gemini Shippers Association
Harbor Trucking Association
Next Generation in Trucking Association
Pet Food Institute
Western States Trucking Association

Opposition

None on file.

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