

Date of Hearing: April 23, 2019

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 540 (Limón) – As Introduced February 13, 2019

**SUBJECT:** Postsecondary education: student financial aid: Cal Grant B Service Incentive Grant Program.

**SUMMARY:** Establishes the Cal Grant B Service Incentive Grant Program, under the administration of the California Student Aid Commission (CSAC), for students that qualify for the exemption from nonresident tuition established by AB 540 (Firebaugh), Chapter 814, Statutes of 2001. Specifically, **this bill:**

- 1) Establishes, commencing with the 2020-21 academic year, the Cal Grant B Service Incentive Grant Program.
- 2) Specifies that in order to receive the grant, pursuant to the summary and (1) above, a student shall be a recipient of a Cal Grant B award and shall perform at least 100 hours of community or volunteer service per quarter or 150 hours of community or volunteer service per semester, as appropriate.
- 3) Requires that the community or volunteer service to be performed through organizations meeting the requirements of all of number (4) below. The organizations shall report the hours of service performed by participating students to CSAC in a timely manner.
- 4) Stipulates that in order for the community or volunteer service performed by a participating student to be applied to the minimum hours required for eligibility for this program, the organization and service shall meet all of the following requirements, as determined by CSAC:
  - a) The organization shall register with CSAC, and report the service hours of the participating students;
  - b) The organization shall be one of the following:
    - i) A federal, state, or local governmental entity;
    - ii) A qualifying institution as defined per (5)(e) below;
    - iii) An organization exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code;
  - c) The community or volunteer service performed by the participating student is not advocacy of a political, social, or religious nature; and,
  - d) The community or volunteer service is related to the participating student's field of study, or is in furtherance of community service or a community need.
- 5) Deems a student eligible to participate in the program if the student meets all of the following requirements:

- a) Has completed, and submitted to CSAC, a California Dream Act application;
  - b) Meets all of the requirements for an exemption from paying nonresident tuition pursuant to current law in Education Code (EC) Section 68130.5 or pursuant to a similar provision adopted by the University of California (UC) Regents;
  - c) Is a recipient of a Cal Grant B award;
  - d) Is determined by CSAC to have unmet need;
  - e) Is enrolled at a campus of the UC, the California State University (CSU), or the California Community Colleges (CCC), or at an independent institution of higher education; and,
  - f) Agrees to perform, and does perform, the number of hours of community or volunteer service required, as specified in (2) above, for participation in the program.
- 6) Stipulates a participating student is eligible to receive a grant under the program for a maximum of eight semesters or 12 quarters. Once a student has met the minimum service requirement, the student is eligible for an award of up to \$1,500 per semester or \$1,000 per quarter. The amount of a grant made to an individual participating student shall be calculated as follows:
- a) 50% of the unmet need of up to \$1,500 of a student enrolled in a semester-based system, or 33.33% of the unmet need of up to \$1,000 of a student enrolled in a quarter-based system, as appropriate, shall be multiplied as follows:
    - i) For half-time students, multiplied by 0.5;
    - ii) For three-fourths full-time students, multiplied by 0.75; and,
    - iii) For full-time students, multiplied by one.
  - b) If a student is eligible to receive a grant under the program, the minimum amount awarded in a semester or quarter shall be determined as follows:
    - i) For half-time students, \$150;
    - ii) For three-fourths full-time students, \$225; and,
    - iii) For full-time students, \$300.
- 7) Stipulates that a grant awarded under the program shall not offset or replace any other source of grant aid, including, but not necessarily limited to, institutional aid and scholarships.
- 8) Stipulates that no more than 2,500 students who are eligible through meeting all of the requirements, as specified, shall simultaneously participate in the program. When award slots are available, grants under the program shall be awarded to eligible students on a first-come-first-served basis, with priority established in order of the date and time of the student's submission of a completed California Dream Act application.

**EXISTING LAW:***Federal law.*

- 1) Establishes the Federal Work Study (FWS) Program which provides funds for part-time employment to help needy students finance higher education. Students can receive FWS funds at 3,400 participating postsecondary institutions at hourly wages of at least the federal minimum wage. Participating institutions must apply annually to the US Department of Education (USDE) to participate. Using a statutory formula, USDE allocates funds based on prior year funding levels and the aggregate need of prior year eligible students. Generally, the campus or employer pays up to 50% of the share of the student's wages. Institutions must use at least 7% of their FWS allocation to support students working in community service jobs. Students apply for FWS assistance through the Free Application for Federal Student Aid (FAFSA) (Higher Education Act of 1965, Title IV, Part C; 42 U. S. C. 2751-2756b).
- 2) On June 15, 2012, the Secretary of Homeland Security, under the direction of President Obama, announced the Deferred Action for Childhood Arrivals (DACA) policy, authorizing certain people who came to the United States as children and meet several guidelines to request consideration of deferred action for a period of two years, subject to renewal. They are also eligible for work authorization. Deferred action is a use of prosecutorial discretion to defer removal action against an individual for a certain period of time. Deferred action does not provide lawful status.

*State law.*

- 1) Exempts specified California nonresidents from paying nonresident tuition at UC, CSU, and CCC, also known as the AB 540 nonresident tuition waiver, if they meet all of the following:
  - a) Attended or attained credits at a California high school, an adult school, a CCC campus, or a combination of these entities, for the equivalent of three or more years; or completed three or more years of full-time high school coursework, and a total of three or more years of attendance in California elementary schools, California secondary schools, or a combination of such elementary and secondary schools;
  - b) Graduated from a California high school or attained an equivalent degree; attained a CCC associate degree; or fulfilled the minimum transfer requirements from a CCC campus to a UC or CSU campus;
  - c) Registered or attended an accredited California higher education institution beginning after fall of the 2001-02 academic year; and,
  - d) If a person without lawful immigration status has filed an affidavit stating that the student has filed an application to legalize his or her immigration status or will file such an application as soon as he or she is eligible to so do (EC Section 68130.5).
- 2) Authorizes the Cal Grant Program, administered by 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, GPA, California residency and other criteria (EC Sections 69430 - 69433).

- 3) Requires the CSU Trustees and the CCC Board of Governors, and requests the UC Regents, to establish procedures and forms that enable AB 540 students to apply for, and participate in, all student aid programs administered by these segments to the full extent permitted by federal law (EC Section 66021.6).
- 4) Establishes the California DREAM Act to provide state financial aid, including the Cal Grant Program and the CCC California College Promise Grant (formerly known as the Board of Governors Fee Waiver), and institutional financial aid to students who qualify for the aforementioned exemption from non-resident tuition (as listed in number one above); students must apply by March 2 prior to the academic year; Dream Act recipients receive Cal Grant Entitlement awards, but are not eligible for Competitive Cal Grant awards unless funding remains available after eligible California students have received awards (EC Section 69508.5).
- 5) Establishes the California DREAM Loan Program intended to provide low-interest loans to Dream Act students who are accessing the Cal Grant program and attending UC and CSU. These students are not eligible for federal student loans, making it difficult for some to cover the total costs of college. The law requires the state, UC, and CSU to split the costs of launching the program (EC Sections 70030-70039).
- 6) Establishes a California State Work-Study Program to provide financially needy students with the opportunity to earn money to help defray educational costs while gaining experience in educationally beneficial or career-related employment (EC Sections 69950 – 69969.5).

To note, the program was administered by the CSAC and funded as a pilot program in 1987. The program expanded in 1998 to include the Teaching Intern Program, in order to make work-study funding available for eligible recipients providing tutoring in various outreach activities for pupils. The program has not been funded in recent years.

**FISCAL EFFECT:** Unknown

**COMMENTS:** *Background.* With no Social Security number, undocumented students cannot complete the FAFSA; therefore, undocumented students are not eligible for any federally funded financial aid, including loans, grants, scholarships or work-study money.

Committee Staff understands that in recent years several UC campuses have offered institutionally funded work-study awards, typically \$2,000 per year, to AB 540 students with DACA status. Some of these programs were established with one-time funding and the on-going availability of the programs is presently uncertain.

To date, work-study programs for AB 540 students are not available on any CSU campuses.

*Purpose of the measure.* According to the author, “Research continues to show that financing college continues to be the greatest deterrent in student success for Dreamers”. The author contends that, “California has embraced Dreamers and has enacted measures that allow qualified student applicants to access similar benefits that other California students use to help pay for

higher education. Still, a significant financial aid gap continues to exist for student Dreamers who qualify for limited in-state financial aid”.

This measure, commencing with the 2020-21 academic year, establishes, the Cal Grant B Service Incentive Grant Program, which provides a formula ensuring some of the state’s Dreamers are able to participate in a work-study like program.

*Cal Grant B.* The Cal Grant B award provides grant funds for access costs for low-income students in an amount not to exceed \$1,656 for up to four years. This grant is to be used for living expenses and expenses related to transportation, supplies and books. Beginning with the second year of Cal Grant B benefits, Cal Grant B also helps pay for tuition/fees for California residents attending qualifying institutions offering undergraduate academic programs of not less than one academic year.

*Committee comments.* This bill is silent as to how the Cal Grant B Service Incentive Grant Program will be funded.

*Moving forward, the author may wish to work with CSAC, the Department of Finance and the Budget Committees in order to see what, if any, funding can be appropriated to CSAC for the establishment of this program.*

*Prior legislation.* AB 1037 (Limón) of 2017-18, which was held on the Senate Appropriations Suspense File, was substantially similar to this measure.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Alliance For A Better Community  
 Asian Americans Advancing Justice - California  
 Asian Americans Advancing Justice - Los Angeles  
 Association of Independent California Colleges & Universities  
 Azusa Pacific University  
 Cal State Student Association  
 California Dream Network (Co-Sponsor)  
 California League of United Latin American Citizens  
 California Undocumented Higher Education Coalition  
 Californians Together  
 Campaign for College Opportunity  
 Coalition for Humane Immigrant Rights (Co-Sponsor)  
 Foundation for California Community Colleges  
 Hispanic Association of Colleges and Universities  
 Los Angeles Area Chamber of Commerce  
 Los Angeles United Methodist Urban Foundation  
 San Jose-Evergreen Community College District  
 Southern California College Access Network  
 Student Senate for California Community Colleges  
 Students Making a Change  
 The Education Trust - West

University of California Student Association  
University of Southern California Pullias Center for Higher Education

**Opposition**

None on file.

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