

Date of Hearing: June 11, 2019

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

SB 148 (Glazer) – As Amended May 17, 2019

**SENATE VOTE:** 38-0

**SUBJECT:** Public postsecondary education: the California Promise: Student Success and On-time Completion Fund

**SUMMARY:** Revises the qualifying criteria for a student to participate in the California Promise program established at a California State University (CSU) campus and establishes the Student Success and On-time Completion Fund in the State Treasury, and authorizes the Trustees of the CSU to use money in the fund to incentivize participation in a California Promise program. This bill also requires CSU to waive systemwide tuition or fees for a participating student unable to complete their degree due to limited space or no course offerings, as specified. Specifically, **this bill:**

- 1) Modifies, for any student not already participating as of the 2020-21 academic year, the qualifying criteria for a student to participate in the California Promise program by requiring the student to be eligible for a Cal Grant award or federal Pell Grant award after filling a Free Application for Federal Student Aid (FAFSA) or a California Dream Act Application.
- 2) Establishes the Student Success and On-time Completion fund in the State Treasury and authorizes the Trustees of the CSU, upon appropriation by the Legislature, to use moneys in the fund to incentivize participation in a California Promise program as follows:
  - a) Provide a Summer Term Grant to a qualified student who participates in the California Promise program to cover the cost to take up to six units or two courses, whichever is greater, during a summer term during the student's academic career. A student may use the grant to cover the cost of taking one course in two summer terms or two courses in one summer term.
  - b) Provide an On-Track Grant of up to \$2,000 to a qualified student who participates in the California Promise program at the completion of each academic year. The purpose of the grant is to provide students with additional financial aid to offset the total cost of education, including housing, textbooks, and transportation.
- 3) Authorizes the Trustees to select any combination of the two financial incentives listed in 2) above for each campus with a California Promise program, at their discretion.
- 4) Defines, for purposes of determining eligibility for financial incentives offered from the fund, a "qualified student" as a student who is eligible for a Cal Grant award or federal Pell Grant award after filing a SAFSA or a California Dream Application.
- 5) Requires, commencing on July 1, 2020, that the CSU waive systemwide tuition or fees for a participating student unable to complete their baccalaureate degree within the required time

because courses for the degree program are not offered or are full at the campus, once the course or a substitute course becomes available.

**EXISTING LAW:**

- 1) Establishes the California Promise for the purposes of supporting CSU students in earning a baccalaureate degree within four academic years of the student's first year of enrollment or for transfer students within two academic years of the student's first year of enrollment to the campus.
- 2) Requires the Trustees of the CSU to:
  - a) Develop and implement a California Promise program, beginning the 2017-18 academic year, at a minimum of eight campuses for non-transfer students and a minimum of 15 campuses (20 campuses by 2019-18) for qualifying transfer students. These campuses enter into a pledge with a first-time freshman or with a qualifying transfer student to support the student in obtaining a baccalaureate degree within four academic years.
  - b) Submit a report to legislative policy and fiscal committees by January 1, 2021, that includes the number of students participating in the program in total, the total number of students who graduated in four academic years for students who entered as first-time freshman and two academic years, for California Community College transfer students and a summary description of significant differences in the implementation of the California Promise program at each campus.
  - c) Submit recommendations to the appropriate policy and fiscal committees of the Legislature, by March 15, 2017, regarding potential financial incentives that could benefit students who participate in the California Promise program.
- 3) Requires support provided by a CSU campus for a California Promise program student to include, but not necessarily be limited to, both of the following:
  - a) Priority registration in coursework provided that a student does not qualify for priority registration under another policy or program, as specified.
  - b) Academic advisement that includes monitoring academic progress.
- 4) Requires a student in order to qualify for the program too:
  - a) Be a California resident for purposes of in-state tuition eligibility.
  - b) Commit to completing at least 30 semester units or the quarter equivalent per academic year, including summer term units, as specified.
- 5) Requires a campus to guarantee participation in the program to, at a minimum, any student who is a low-income student, as defined, a student who has graduated from a high school located in a community that is underrepresented in college attendance, a first-generation college student or a transfer student who successfully completes his or her associate degree for transfer at a community college.

- 6) Establishes as a condition of continued participation in a California Promise program, a student may be required to demonstrate both of the following:
  - a) Completion of at least 30 semester units, or the quarter equivalent, in each prior academic year.
  - b) Attainment of a grade point average in excess of a standard established by the campus.
- 7) Sunsets the program on January 1, 2026. (Education Code (EDC) Sections 67430-67435)

**FISCAL EFFECT:** According to the Senate Appropriations Committee:

- 1) Summer Term Grant: The CSU estimates if there is an average of 200 students at each of the 15 participating campuses taking either three or six credits, systemwide costs would range from approximately \$16 million to \$23 million per cohort (General Fund).
- 2) On-Track Progress Grant: The bill provides up to \$2,000 per qualified student at the completion of each academic year for timely progress grants. CSU estimates that systemwide costs could range from \$5.8 million for 2,900 students to \$20.3 million for 10,150 students (General Fund).
- 3) CSU anticipates that minimal resources would be required to hold tuition flat for California Promise program students for an additional term of enrollment. However, this approach would require additional, unknown costs to increase direct advising and support services (General Fund).

**COMMENTS:** *Need for the bill.* According to the author, this bill is necessary because "...low-income, underrepresented, first-generation, and transfer students should not have to face any financial barriers, especially if they are committed to finishing their degree in 4 years or less. This bill builds upon CSU's recommendations to incentivize participation in the California Promise program and increases four-year graduation rates for CSU students by providing financial incentives."

*Background.* The provisions of the bill are based on existing California Promise programs at CSU established by SB 412 (Glazer) Chapter 436, Statutes of 2016 which, in exchange for a promise to complete 30 units per year and maintain a grade point average standard, provides priority enrollment and enhanced academic advising.

This bill seeks to offer financial incentives, in exchange for participation in a California Promise program, in the form of grants to qualified students who are Cal Grant or Pell Grant eligible. In addition, this bill grants tuition waivers if students were unable to complete a degree within the required period due to unavailability of courses.

*Existing California Promise programs.* SB 412 (Glazer) Chapter 436, Statutes of 2016, required the Trustees of the CSU to develop and implement a California Promise program, beginning the 2017-18 academic year, at a minimum of eight campuses for non-transfer students and a minimum of 15 campuses for qualifying transfer students. These campuses enter into a pledge with a first-time freshman or with a qualifying transfer student to support the student in obtaining a baccalaureate degree within four academic years or within two for transfer students. Students

who commit to enter either the four-year or two-year pledge are given priority registration and are provided with routine and thorough academic advisement. To date, 20 of the 23 CSU campuses have a promise program. This bill seeks to provide these program participants with a financial support to stay on course. Additionally, this bill changes the criteria for participation in the Promise program.

*California Promise evaluation.* SB 412 also required the CSU Board of Trustees to submit recommendations regarding potential financial incentives that could benefit students who participate in the program. The CSU made several recommendations all of which relate to the provisions of this bill. Those recommendations include:

- 1) *Final term approach.* Use funds appropriated by the state for this purpose to provide grants equal to the amount of systemwide tuition for their last academic term. This approach for a student who already qualified for a need-based tuition grant, the student would receive an award in the same amount that could be used toward other educational costs such as mandatory campus fees, books, or living expenses. The CSU asserts that since helping students to persist in these programs is a long-standing issue, this final-term approach would be an attractive capstone to student persistence for all students.

This bill proposes a similar grant with notable differences. Rather than providing a one-time award for their last academic term, this bill offers a grant to qualified students who participate at the completion of each academic year. It appears that the purpose of the grant would be to help students cover tuition and other costs such as housing, textbooks and transportation.

- 2) *Summer term approach.* Use funds allocated by the state for this purpose to provide a tuition grant to students to take up to six units, or two courses (whichever is greater) during the summer term during their academic career. According to the CSU, this approach would enable greater participation and broaden access as many students find it difficult to enroll in 15 units each term of the regular academic year. This approach would allow students to take 12 units in one or both semesters followed by an enrollment of three or six units in the summer to complete the 30 year unit requirement. A campus would have to offer a more robust summer schedule in order for this approach to succeed.

This recommendation is nearly identical to the summer grant proposed in this bill. Under this bill, a student qualifies for a summer grant or the on-track progress grant, if they are eligible for a Cal Grant award or federal Pell Grant award after filing a Free Application for Federal Student Aid or a California Dream Application. The Cal Grant and Pell Grant are need-based financial aid programs. Tying eligibility to those programs may ensure that recipients of this new financial benefit have some degree of financial need and that the aid provided would have the greatest impact for that recipient.

- 3) *Guarantee approach.* Offer students a guarantee that their degree programs can be completed in four to two years with the understanding that tuition will be essentially waived if the institution is at fault for students taking longer to graduate. According to CSU, this is an effective approach to incentivize program participation and additionally acts as a campus incentive to ensure that courses are offered within the period needed to complete a program. However, CSU notes that for the 62 percent of undergraduate students receiving non-loan

financial aid which fully covers tuition, the perceived benefit of the guarantee may be limited.

This bill requires CSU to waive tuition for a student who is unable to complete a baccalaureate degree program with four academic years or in two for transfer students due to the unavailability of courses. The waiver outlined in this bill applies only to students participating in a California Promise program.

- 4) *Tuition freeze approach.* This approach would hold tuition costs constant for the duration of a student's enrollment, which is referred to as a tuition freeze. This approach is assessed as an ineffective tool for incentivizing participation and its use is not recommended. This bill was recently amended to remove the tuition freeze option.

*Other CSU retention programs.* To address its low graduation rates, CSU launched the "Graduation Initiative 2025," in 2015. Through this initiative, CSU has set a goal to increase six- and four-year graduation rates for first-time freshmen to 70 percent and 40 percent, respectively, by 2025. The Graduation Initiative also seeks to increase graduation rates for transfer students. In addition, CSU has a goal to eliminate differences in graduation rates for several groups of students, including those who are low-income and first generation.

The strategies employed by the campuses to achieve these goals include faculty hiring, offering of additional course sections, hiring academic advisors and investing in student support programs and services. Similar to the goals of this bill, funding can and is used by campuses to provide financial support and incentives for students. For instance, at CSU Fresno, Bulldog Retention Grants are awarded to students on track for graduation but who have a financial shortfall of less than \$1,500 and are subject to being dropped from all classes. In 2017-18, grants were awarded to 320 students. Ninety-six percent of grant recipients either graduated or were retained. The state funding for the CSU Graduation Initiative has increased over the past several years.

*Prior legislation.* SB 346 (Glazer, 2018) was substantively similar to this bill in its final form, and was held in the Assembly Appropriations Committee on Suspense file.

SB 803 (Glazer, 2017) was similar to this bill, and was held on the Senate Appropriations Committee Suspense file.

SB 412 (Glazer) Chapter 436, Statutes of 2016, is described in the "Existing California Promise Program programs" section of this analysis.

SB 1450 (Glazer, 2016) would have, in part, required the CSU to develop and implement a program that authorizes a campus to enter into a pledge with qualifying students to support completion of a baccalaureate degree within four years and offer incentives to students in exchange for participation in the program. SB 1450 was heard by the Senate Education Committee on April 20, 2016, and failed passage, by a vote of 4-2.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

None on file.

**Opposition**

None on file.

**Analysis Prepared by:** Kevin J. Powers / HIGHER ED. / (916) 319-3960