

Date of Hearing: June 11, 2019

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

SB 150 (Beall) – As Amended April 1, 2019

SENATE VOTE: 38-0

SUBJECT: Student financial aid: Chafee grant awards

SUMMARY: Revises a component of the eligibility requirements for the Chafee Educational and Training Vouchers (ETV) program to allow recipients to continue to be eligible for the award while failing to demonstrate satisfactory academic progress for two consecutive years. If a student is failing to meet satisfactory academic progress after the second or third academic semester, this bill requires students to work with an advisor to develop an educational improvement plan as a condition of Chafee funds being released for that semester. This bill also establishes processes for appeal and reinstatement for an awardee who loses Chafee eligibility. This bill authorizes the California Student Aid Commission (CSAC) to make initial award offers for the Chafee ETV program that totals up to 200 percent of the total program funds available for all awards. Specifically, **this bill:**

- 1) Relaxes a component of the eligibility requirements of the Chafee ETV program by allowing students to receive award funds for up to two years while failing to meet satisfactory academic progress.
- 2) Requires the California Community Colleges and the California State University, requests the University of California, to provide Chafee grant awardees with information about on-campus academic support services, including working with an advisor to develop an education plan. This bill requires these institutions to strongly encourage Chafee grant recipients to use these services.
- 3) Prohibits Chafee funds from being released to Chafee awardees who have failed satisfactory academic progress in the second semester or third semester until the student has worked with an advisor to develop and submit an academic progress improvement plan to the Office of Financial Aid.
- 4) Establishes processes for appeal and reinstatement of an awardee who loses eligibility for a Chafee grant. These processes require institutions to automatically reinstate a student's Chafee eligibility in reviewing the appeal of a student if one of the following conditions applies:
 - a) The student achieves a 2.0 grade point average (GPA) during the previous academic term or achieves a cumulative GPA of 2.0, irrespective whether the student otherwise met the institution's satisfactory academic progress requirements.
 - b) The student demonstrates that extenuating circumstances hindered their progress, but has since been resolved.
 - c) The student is engaged in an academic support program.

- 5) Prohibits students from receiving the Chafee award for more than five years in total.
- 6) Requires that a student who loses Chafee eligibility due to failing satisfactory academic progress standards and subsequently un-enrolls for at least one term, is to regain Chafee eligibility upon re-enrollment at a qualifying postsecondary institution.
- 7) Authorizes CSAC to make initial award offers to applicants of the Chafee program totaling up to 200 percent of the total program funds available (i.e., over-awarding).
- 8) Authorizes the CSAC to deduct any spending overages resulting from over-awarding from the following year's total program funding allocation.

EXISTING LAW:

- 1) Establishes the federal John H. Chafee Foster Care Independence Program to provide, among other benefits, education and training vouchers to qualifying current and former foster youth. (United States Code, Title 42, § 677)
- 2) Establishes the CSAC for the purpose of administering specified student financial aid programs. (Education Code (EDC) Section 69510 et seq.)
- 3) Establishes requirements for postsecondary education institutions to participate in the Cal Grant program, and requires, for the 2012-13 and subsequent academic years, an institution to maintain a graduation rate above 30 percent and a three-year cohort student loan default rate of less than 15.5 percent. (EDC Section 69432.7)
- 4) Requires the CSAC, through an interagency agreement with the Department of Social Services, to operate a federally-funded scholarship program that provides grant aid to California's current and former foster youth. Existing law requires funds to be used to assist students who are current and former foster youth, for career and technical training or traditional college courses. (EDC Section 69519)
- 5) Requires, beginning with the 2017–18 award year, CSAC to make a new Chafee grant award to a student only if the student attends either of the following:
 - a) A qualifying institution that is eligible for participation in the Cal Grant program.
 - b) An institution that is not located in California that satisfies the provisions of a qualifying institution that is eligible for participation in the Cal Grant program. (EC § 69519)
- 6) Expands eligibility for the Chafee grant to include former foster youth who are between age 22 and 26 years, and authorizes the CSAC to award grants to this population beginning with the 2019-20 award year. (EDC Section 69519)

FISCAL EFFECT: According to the Senate Appropriations Committee, this bill's provisions could result in additional General Fund cost pressures. While the over-awarding of grants is intended to speed up the distribution process and there have been savings for the program in

recent years, it could lead to increased acceptance rates that would exceed the amount of funding that is available in a given year.

Additionally, eligibility for the program will be expanded to include former foster youth who are between age 22 and 26 beginning in the 2019-20 award year (authorized under existing law) which could lead to even higher acceptance rates. This bill would allow students that fail to meet satisfactory progress standards to retain eligibility and continue to receive a grant. The number of students that would benefit from this provision is unknown.

COMMENTS: *Need for the bill.* This bill recognizes that foster youth typically experience extraordinary hardships while trying to complete higher education. This bill relaxes eligibility requirements, establishes a more lenient appellate process facilitating Chafee reinstatement if eligibility is lost, and enables Chafee funds to be dispersed to more awardees in a timelier manner. This bill improves the ability of Chafee recipients to stay enrolled in college, to re-access Chafee funds if they lose eligibility by establishing a framework for appeals, and to be linked to academic support services, especially if they are struggling.

According to the author, "...several issues with the administration of the award present many eligible students from receiving their awards in a timely fashion or even at all. The state's current award process is cumbersome, and delays leave many students without their award until late in the school year. Additionally, the state's current award process adds requirements for meeting satisfactory academic progress (SAP) benchmarks that are not required by federal law and that do not appropriately account for the unique circumstances of foster youth."

Background. The Chafee grant provides up to \$5,000 per year for career training, technical training or college to financially needy individuals who were in foster care between the ages of 16 and 18 as a dependent or ward of the court. These represent foster youth who, between these ages, were not permanently housed, not reunited with legal parents or guardians, and not adopted. Chafee grant money may be used to pay for classes, textbooks, school supplies, transportation, child care, and rent while the student is enrolled at any eligible California college, university, or technical school – or schools in other states.

In fiscal year 2017, the CSAC distributed \$13.2 million to 3,516 current and former foster youth pursuing higher education. The average award per student was \$3,754.

Satisfactory Academic Progress (SAP). SAP is a standard that students must meet to receive state and federal financial aid. The U.S. Department of Education requires that all institutions receiving financial aid have a SAP policy that specifies what is required of students to maintain financial aid eligibility. The policy must include the following three elements:

- 1) GPA requirement: Students must maintain a minimum GPA per the policy of the individual institution, to be set at no lower than 2.0.
- 2) Process requirement: Students must make progress towards their degree by completing a minimum percentage of attempted course units. The minimum percentage of units attempted must be successfully completed both cumulatively and by the end of each academic year. It is commonly set to 67 percent.

- 3) Maximum number of attempted units: Students must complete their degree within a maximum specified amount of attempted course units. It is commonly set at 150 percent of the total unit requirements for the program in which the student is enrolled.

Grant disbursement delays. CSAC makes award offers to eligible Chafee recipients in excess of the available award funding for a given award year. Why is this the case? Many eligible foster youth who receive initial award offers are later determined to be ineligible, most often because the individual is not enrolled in a qualifying post-secondary institution. After the initial round of award offers has been made and after the ineligible awardees have been identified, the first round of Chafee funds are dispersed. The unused funds are then repackaged and dispersed to a waiting list—up until the yearly award allocation has been exhausted.

This process is time-consuming, resulting in significant delays in actual award payments to students on the waiting list. In fact, this process typically takes so long, that students may not receive their Chafee funds until the midpoint or later of the academic year of which they applied. In 2017-18, the CSAC reported that 57 percent of Chafee awardees did not receive funds for the fall academic term until January 2018 or later. Over ten percent of awarded students did not receive their funds until May 2018 or later.

Proponents of the bill state that these delays are particularly disadvantageous to foster youth, a population of students are significantly more likely to experience financial hardship relative to their peers. Chafee grants may be used to pay for regularly occurring bills such as classes, textbooks, school supplies, transportation, child care, and rent. Delays in award delivery counteract the Chafee program's mission to enable the ongoing academic and professional success of foster youth through financial aid.

Potential impact of over-awarding the Chafee Grant. In the case of the competitive Cal Grant, also administered by the CSAC, over-awarding has both sped up the funds distribution process and enabled more eligible students to receive their monies more quickly. In the academic year prior to the implementation of over-awarding (2015-16), just over 60 percent of Cal Grant awardees had received payment by January 2016. In the following academic year (2016-17) with over-awarding in place, over 80 percent of awardees received payment within this same time period.

Prior to over-awarding, the CSAC only dispensed 92.3 percent of the awards in 2015-16, leaving 1.6k available award slots unallocated for that year. But since the implementation of over-awarding in years 2017 through 2019, CSAC was able to dispense 100 percent of the available competitive Cal Grant award funds.

Committee comments. The committee recommends, and the author has accepted, technical amendments to ensure that references to academic terms of enrollment include both the semester and quarter systems.

Arguments in support. The John Burton Advocates for Youth write that "...While California's foster care system has made important strides in the last five years for older youth, one area where it continues to struggle is post-secondary achievement. By age 26, just four percent of former foster youth have achieved a college degree, compared to 36 percent of same-age young adults."

“Evidence shows that receiving financial aid is a strong predictor of degree attainment, positively impacting grade point average, transfer rates, and undergraduate degree attainment; however, many students who qualify for these funds do not receive them in a timely manner, and many lose the funds when they often need them most. SB 150 would improve access to the state’s only financial aid source dedicated to foster youth.”

Prior legislation. AB 1811 (Committee on Budget) Chapter 35, Statutes of 2018, expanded eligibility for the Chafee grant to include former foster youth who are between age 22 and 26 years, and authorized the CSAC to award grants to this population beginning with the 2019-20 award year.

AB 3089 (Thurmond) Chapter 594, Statutes 2018, appropriated \$80,000 for outreach to former foster youth who are newly eligible for the Chafee grant, and added a data element to existing reporting requirements related to the Chafee grant.

SB 840 (Mitchell) Chapter 29, Statutes of 2018 authorized the CSAC to “over-award” the Competitive Cal Grant.

AB 2506 (Thurmond) Chapter 388, Statutes of 2016 required postsecondary education institutions to meet eligibility requirements to receive Chafee funds, similar to existing provisions of the Cal Grant program.

REGISTERED SUPPORT / OPPOSITION:

Support

Advanced Consulting, LLC
Alameda County Office of Education
Alliance for Children's Rights
Aspiranet
California Alliance of Child and Family Services
California Edge Coalition
California State University, Chico Path Scholars
California Youth Connection
Casa de Amparo
Children Now
County of Los Angeles Board of Supervisors
David & Margaret Youth and Family Services
First Place for Youth
Hillsides
Human Services Department of the County of Santa Cruz
John Burton Advocates for Youth
League of Women Voters of California
Los Angeles Area Chamber of Commerce
Los Angeles County Chief Executive Office
Los Angeles County Office of Education
Monterey County Office of Education
National Association of Social Workers, California Chapter
New Alternatives

New Morning Youth & Family Services
Norco College
Power To Soar
Redwood Community Action Agency - Youth Services Bureau
Regional Economic Association Leaders Coalition
Riverside City College
San Jose-Evergreen Community College District
Santa Cruz County Office Of Education
Star Vista
Swipe Out Hunger
United Friends of the Children
Unity Care Group
University of California Student Association
Voices Youth Centers

Opposition

None on file.

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