
SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair

2017 - 2018 Regular

Bill No: AB 1037 **Hearing Date:** June 6, 2018
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Urgency: No **Fiscal:** Yes
Consultant: Olgalilia Ramirez

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

SUMMARY

This bill establishes, commencing with the 2018-19 academic year, the Cal Grant B Service Incentive Grant Program, under the administration of the California Student Aid Commission who meet the requirements to qualify for the exemption from nonresident tuition established by AB 540 (Firebaugh, Chapter 814, Statutes of 2001).

BACKGROUND

Existing law:

- 1) Authorizes the Cal Grant program, administered by the California Student Aid Commission (Commission), 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. (Education Code (EC) § 69430 - 69433)
- 2) Established by AB 540, (Firebaugh, Chapter 814, Statutes of 2001) exempts specified California nonresidents from paying nonresident tuition at the University of California, California State University, and the California Community Colleges (CCC) if they meet certain requirements of which include graduation from a California high school (or the equivalent) or attainment an associate degree from a CCC. Students who meet the requirements to qualify for the exemption from nonresident tuition are commonly referred to as "AB 540 students." (EC § 68130.5)
- 3) Establishes the California Dream Act, and provides that, beginning January 1, 2013, AB 540 students are eligible to apply for, and participate in, any student financial aid program administered by the State of California to the full extent permitted by federal law. The Commission is required to establish procedures and forms (Dream act application) that enable AB 540 students to apply for, and participate in, all student financial aid programs administered by the State of California to the full extent permitted by federal law. Current law prohibits AB 540 students from being eligible for Competitive Cal Grant A and B Awards unless specified conditions are met. (EC § 69508.5)

- 4) Provides that a student attending the California State University (CSU), the California Community Colleges (CCC), or the University of California (UC) who is exempt from paying nonresident tuition under the provisions established by AB 540 is eligible to receive a scholarship derived from non-state funds received, for the purpose of scholarships, by the segment at which he or she is a student. (EC § 66021.7)
- 5) Requires the Trustees of the CSU and the Board of Governors of the CCC and the Regents of the UC are requested to, establish procedures and forms that enable persons who are exempt from paying nonresident tuition under the provisions established by AB 540 or who meet equivalent requirements adopted by the regents, to apply for, and participate in, all student aid programs administered by these segments to the full extent permitted by federal law. (EC § 66021.6)
- 6) Establishes the California DREAM Loan Program for purposes of extending loans to students who meet the requirements established by AB 540 and have financial need, and authorizes any campus of the UC and the CSU to participate. The law requires the state and UC and CSU to split the costs of launching the program. (EC § 70030-70039)
- 7) Requires the Trustees of the CSU and the Board of Governors of the CCC, and request 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 § 66021.6)
- 8) 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. The program was administered by the California Student Aid Commission and was funded as a pilot program beginning in 1987. In 1998, the program was expanded to include the Teaching Intern Program, to make work-study funding available to offer tutoring in various outreach activities for pupils. The program has not been funded in recent years. (EC § 69950 – 69969.5)
- 9) Under Federal law, 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 school or employer pays up to 50 percent share of the student's wages. Institutions must use at least 7 percent 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. (Higher Education Act of 1965, Title IV, Part C; 42 U. S. C. 2751-2756b)

ANALYSIS

This bill:

- 1) Establishes, commencing with the 2018-19 academic year, the Cal Grant B Service Incentive Grant Program, under the administration of the California Student Aid Commission (Commission).
- 2) Provides that a participating student is eligible to receive a grant under the program for a maximum of eight semesters or 12 quarters and upon meeting the minimum service requirement, is eligible for an award of up to \$1,500 per semester or \$1,000 per quarter, based on the specified calculation.
- 3) Limits to 2,500 the number of eligible students simultaneously receiving grants under the program and when award slots are available requires that grants be awarded to eligible students on a first-come-first-served basis depending on the submission date of a completed California Dream Act application, as specified.
- 4) Deems a student is eligible to participate in the program if he or she meets all of the following requirements:
 - a) Has completed, and submitted to the Commission, a California Dream Act application.
 - b) Meets all of the requirements for an exemption from paying nonresident tuition pursuant to current EC§ 68130.5 or a similar provision adopted by the Regents of the University of California (UC).
 - c) Is a recipient of a Cal Grant B award.
 - d) Have an unmet need, as determined by the Commission.
 - e) Is enrolled at a campus of the UC, the California State University or the California Community Colleges, or at an independent institution of higher education that is a qualifying institution, as specified.
 - f) Agrees to perform and does perform the number of hours of community service or volunteer work required for participation in the program.
- 5) Requires, in order to be a recipient of a grant under the program, a student:
 - a) Be a recipient of a Cal Grant B award.
 - b) Perform a minimum of 300 hours of community service or volunteer work, as specified, in each academic year that the grant is provided.
 - c) Perform community service or volunteer work through organizations meeting requirements in 7) below.

- 6) Prohibits a grant awarded under the program from being offset or replaced by any other source of grant aid, including but not necessarily limited to, institutional aid and scholarships.
- 7) Requires, in order for the community service or volunteer work performed by a participating student to be applied toward the earning of a grant award under the program, the organization and service meet the following requirements:
 - a) Register with the Commission, and report the service hours of the participating students in a timely manner.
 - b) Be one of the following:
 - i) A federal, state, or local governmental entity.
 - ii) A qualifying institution as defined.
 - iii) An organization exempt from federal income tax pursuant to § 501 (c)(3) of the Internal Revenue Code.
 - c) The service is related to the participating student's field of study, or is in furtherance of community services or a community need.
 - d) The service performed by the participating student is not advocacy of a political, social, or religious nature.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the California Student Aid Commission, the sponsors of the bill, “many California students notably Dream Act recipients, are ineligible for federal financial aid programs. One key program is the Federal Work Study program which enables students to perform work in exchange for additional financial aid. Dream Act recipients are especially vulnerable because even a state based work study program would require work authorization, and with the future of the Deferred Action for Childhood Arrivals program in question, it is unclear that they would be able to participate.” This bill seeks to provide Dream act recipients with an opportunity to earn additional student aid to cover educational expenses through volunteer service.
- 2) ***AB 540 and California Dream Act.*** State law, established by AB 540 and expanded upon by other legislation, allows non-resident students who meet certain qualifications to pay in-state tuition. These students may include undocumented students, students who are US citizens but who are not CA residents, and dependent students whose parents are not CA residents. The California Dream Act, established by SB 131 (Cedillo, chapter 604, statutes of 2010) allows AB 540 students to apply for and receive private scholarships funded through public universities, state-administered financial aid, University grants, community college fee waivers, and Cal Grants. Students apply for these awards using the California Dream application.

- 3) **Who is eligible?** This bill outlines various eligibility criteria for the Cal Grant B Service Incentive Grant Program, including receipt of an award under the Cal Grant B program, completion of the California Dream application and be an AB 540 student. Eligibility for the Cal Grant B program is based upon financial need, GPA, California residency and other criteria. This bill also requires a program participant to perform a minimum number of service hours at a non-profit, governmental entity or a qualifying institution registered with the Commission.
- 4) **How it works?** Awards in the proposed program are limited to 2,500 recipients and disbursed on a first-come-first served basis. An eligible participant may receive an amount of up to \$1,500 per semester. The amount of the award is dependent upon a student's unmet need, enrollment status (i.e. full-time or part-time) and completion of the minimum service requirement. Service hours are reported by the organization directly to the Commission. The duration of the award is restricted to eight semesters (4 academic years) of eligibility. It is unclear whether a program participant seeking to renew their award could do so without having to get back in line.
- 5) **Clarification of Deferred Action for Child Hood Arrivals (DACA) program.** DACA is a federal process that defers removal action of an individual for a specified number of years. It allows those who are eligible to have work authorization. Staff notes that some students with DACA status participate in state work-study programs. A person can be eligible for both the exemption established by AB 540 and DACA status or just either one. The state and federal programs are independent of each other. An undocumented student without DACA status is not authorized to work and there is growing concern that those with work authorization under the DACA program will soon lose their authorization as the Trump administration attempts to phase-out the program. Only those students who meet the AB 540 exemption requirements could benefit from the program proposed by the provisions in this bill.
- 6) **Technical and Clarifying Amendments.**
- To ensure that awards are disbursed to eligible students per semester or quarter rather than annually, consistent with the request from the Commission, *staff recommends that the bill be amended* as follows:

69438.3. (a) In order to receive a grant under the program, a student shall be a recipient of a Cal Grant B award, and shall ~~perform a minimum of 300 hours of community service or volunteer work in each academic year a grant is provided. The student shall perform at least 100 hours of community service or volunteer work per quarter or at least 150 hours of community service or volunteer work per semester, as appropriate.~~
 - *Staff recommends amendments* to replace references to “volunteer work” with “volunteer service,” throughout the bill.
 - This bill limits to 2,500 the number of eligible students simultaneously receiving grants under the program. Arguably, a student could be a

participant in the program while in the process of earning service hours. To ensure that the number of available slots coincides with the number of participants rather than grant recipients *staff recommends that the bill be amended* as follows:

69438.3 (d) No more than 2,500 students who are eligible through meeting all of the requirements of Section 69438.5 shall simultaneously participate in the program ~~as grant recipients~~.

- This bill deems a student is eligible to participate in the program if he or she agrees to perform, and does perform, the number of hours of community service or volunteer work required, pursuant to Section 69438.3, for participation in the program. In a separate section it also outlines similar conditions for receipt of an award. For purposes of streamlining the bill, *staff recommends amendments* to strike the following:

69438.5 (f) He or she agrees to perform, ~~and does perform~~, the number of hours of community service or volunteer work required, pursuant to Section 69438.3, for participation in the program

SUPPORT

Association of Independent California Colleges and University
 California Community Colleges Chancellor's Office
 California Faculty Association
 California Immigrant Policy Center
 California Student Aid Commission
 Coalition for Humane Immigrant Rights
 Community College League of California
 Community College League of California
 Education Trust-West
 Faculty Association of California Community Colleges
 Foothill-De Anza Community College District
 KID CITY HOPE PLACE
 Los Angeles Area Chamber of Commerce
 Los Rios Community College District
 MALDEF
 Peralta Community College District
 Real Coalition
 San Diego Community College District
 South Orange County Community College District
 Southern California College Access Network
 Students making a change
 The Campaign for College Opportunity
 The Civil Rights Project
 The Institute for College Access and Success
 University of Southern California

OPPOSITION

None received

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