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## **SENATE COMMITTEE ON EDUCATION**

**Senator Connie Leyva, Chair**

**2019 - 2020 Regular**

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**Bill No:** AB 1307  
**Author:** Blanca Rubio  
**Version:** June 24, 2019  
**Urgency:** No  
**Consultant:** Olgalilia Ramirez

**Hearing Date:** July 3, 2019

**Fiscal:** Yes

**Subject:** Student financial aid: Cal Grant program.

### **SUMMARY**

This bill creates, beginning in the 2020-21 award year, a new Cal Grant formula for nonprofit independent institutions of higher education. The formula is to be set and maintained at 80 percent of the sum of the General Fund share of the California State University (CSU) marginal cost of instruction and the maximum Cal Grant award for tuition at the CSU.

### **BACKGROUND**

Existing law:

- 1) Authorizes the Cal Grant program, administered by the California Student Aid Commission (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. (Education Code § 69430 - 69433)
- 2) Specifies the amounts of the maximum Cal Grant A and B awards for students attending private nonprofit postsecondary institutions of higher education and private for-profit postsecondary educational institutions that are regionally accredited, as specified. Beginning with the 2019–20 award year, the maximum tuition award is either \$9,084 or \$8,056, depending upon whether the number of new unduplicated transfer students accepted by private nonprofit postsecondary educational institutions who have been given associate degree for transfer commitments, as defined, in the prior award year meet and exceed specified targets. (EC § 69432 )

### **ANALYSIS**

This bill:

- 1) Creates, beginning in the 2020-21 award year, a new Cal Grant formula for nonprofit independent institutions of higher education. The formula is to be set and maintained at 80 percent of the sum of the General Fund share of the CSU marginal cost of instruction and the maximum Cal Grant award for tuition at the CSU.

- 2) Requires the Department of Finance to certify the current General Fund share of the CSU marginal cost of instruction.
- 3) Sets the Cal Grant award for the 2018–19 and 2019–20 award years at \$9,084 for new recipients attending nonprofit independent institutions of higher education.
- 4) Sets the Cal Grant award for 2020-21 award year and each year thereafter for new recipients attending nonprofit independent institutions of higher education be the amount determined by the new formula described in 1) above.
- 5) Allows, in lieu of using amount derived from new Cal Grant formula, award amounts for new recipients attending nonprofit independent institutions of higher education, be determined in the annual Budget Act, if, as a group, nonprofit independent institutions of higher education accept less than the following number of new unduplicated transfer students who have been given associate degree for transfer commitments in the prior award year:
  - a) For the 2020–21 award year, 3,000 students; and,
  - b) For the 2021–22 award year, 3,500 students.
- 6) Replaces the term “private nonprofit postsecondary educational institution” with “independent institution of higher education” as defined in current law.
- 7) States various findings and declarations relative to the bill’s provisions.
- 8) Makes other technical and conforming changes.

## STAFF COMMENTS

- 1) **Need for the bill.** According to the author, “Since its inception, the Cal Grant Program has been a successful public-private partnership with private nonprofit colleges and universities. The Cal Grant Program provides academically deserving students the opportunity to attend college, who would otherwise not be able to attend. The program is intended to allow students to attend college where they are most likely to succeed, whether this is a private or a public university. Though built on the pillars of providing access and choice for all Cal Grant recipients, since 2000 the Cal Grant award amount for students attending independent, nonprofit colleges and universities has not increased. Over this time period, the award’s value has decreased by 46 percent due to inflation and cuts, effectively reducing the purchasing power for students at a time when our public universities do not have capacity to enroll every academically eligible California student.”

Association of Independent Colleges and Universities (AICCU), the bill sponsors, note that award is arbitrarily set in the budget act year and is vulnerable to cuts. This has created a disincentive for students to consider independent intuitions. The award currently stands at a maximum of \$ 9,084. Students and campus leaders have fount against an additional 11.3 percent cut since 2014. There is no

policy or formula guiding the maximum grant award level for students attending independent institutions set every year. This process has led to the inability of low-income students and families to adequately plan for their financing of their higher education and to the decline in value of the award over time.

The author further asserts, "In the absence of a Cal Grant formula for students attending independent nonprofit colleges and universities, students and their families lack predictability in the award level and it creates real challenges in deciding where to attend college."

This bill establishes a formula for the maximum Cal Grant award for students attending an independent California college or university thereby ensuring predictability and stability for students and their families when planning for the cost of college.

2) ***Conflict with budget activity.*** SB 77 (Committee on Budget and Fiscal Review, 2019) provides an extension of the timeframes by one-year for private non-profit postsecondary institutions to meet associate degree for transfer (ADT) admissions to maintain the maximum Cal Grant award of \$9,084. This bill modifies those provisions and appears to conflict with the higher education trailer bill.

1) ***Why increase the Cal Grant award for non-public institutions?*** This bill seeks to increase and stabilize the Cal Grant award amount to ensure the continued access of students to Western Association of Schools and Colleges (WASC) accredited non-public independent California colleges and universities (ICCU). Below is a summary of information about the sector and the Cal Grant recipients it serves.

a) ***WASC accredited non-public institutions.*** The institutions that would benefit from the provisions of this bill are generally members of the AICCU which represents about 80 private, nonprofit, WASC accredited colleges and universities. These institutions include research universities, liberal arts colleges, religiously affiliated institutions, and specialized colleges and universities that focus on the arts, theater and music.

The AICCU reports that their member institutions enroll over 350,000 students, comprised of 184,000 undergraduate students and 144,000 graduate students. AICCU institutions award over 50 percent of all graduate degrees in California and approximately 20 percent of the baccalaureate degrees. The sector produces 40 percent of the teaching credentials, 28 percent of computer and info science degrees, 46 percent of health degrees, and 21 percent of the engineering degrees in the state. California residents make up approximately 75 percent of the undergraduate population.

b) ***Who is served?*** According to the Association of Independent California Colleges and Universities (AICCU), Cal Grant students at their member institutions are overwhelmingly the first in their families to go to college and from historically underrepresented groups in higher education.

AICCU reports that data collected over the years has consistently demonstrated that Cal Grant students graduate at a higher level than the general student population in the sector even with the barriers they confront. According to the AICCU's survey of their member institutions, 65 percent of their Cal Grant students graduate in 4-years (similar to the 4-year rate at the UC) and 49 percent are first generation college students.

Approximately 48 percent of the Cal Grant population at AICCU institutions is Latino, 23 percent Caucasian, 13 percent Asian and Pacific Islander, 7 percent African American. Based upon data from the CSAC, the average family income for Cal Grant A students is \$41,300 and \$16,523 for Cal B Students (CSAC data). The average institutional aid award to a Cal Grant student is \$15,059. The AICCU reports that the independent sector educates over 27,000 California students through the Cal Grant program.

According to AICCU, the lack of predictability and stability in the award level for Cal Grant students has adversely impacted student access to independent California colleges and universities. The percentage of Cal Grant students attending ICCU institutions has decreased dramatically, from 23 percent in 2000 to just 11 percent in 2018.

This bill proposes to increase access and affordability of higher education in California by increasing the amount of the Cal Grant award at these private institutions to the levels that fall between the maximum award amount for CSU and UC students.

- 2) **Maximum award amount formula.** Currently, maximum Cal Grant award level for CSU and UC students are linked to the cost of tuition. This is not the case for ICCU students. This bill creates a new Cal Grant formula for nonprofit independent institutions of higher education that measures the average state investment in a Cal Grant student attending CSU and calculates a maximum award level set to 80 percent of that amount. The proposed calculation essentially ensures an award level for Cal Grant recipients who attend an ICCU that does not exceed that of the UC while at the same time provides a mechanism that is associated the CSU award amount, for growing the award level overtime. The graph below provided by the AICCU illustrates the proposed calculation.

|                                      |          |
|--------------------------------------|----------|
| CSU Marginal Cost Enrollment Funding | \$8,499  |
| CSU Maximum Cal Grant Award          | \$5,742  |
| Total                                | \$14,241 |

|                                     |             |
|-------------------------------------|-------------|
| AICCU Maximum Cal Grant Award (80%) | \$11,392.80 |
|-------------------------------------|-------------|

- 3) **Related report by the Legislative Analyst's Office (LAO).** The LAO in its 2018-19 Budget Higher Education Analysis, recommended the state consider using a Cal Grant formula similar to what the state used over 20 years ago. The

LAO analysis stated, "To improve students' buying power and choice, we recommend the Legislature increase the Cal Grant award for students attending these [ICCUUs] institutions. In setting the award amount, we recommend the Legislature use the state's historic Cal Grant formula for private colleges."

4) **Prior legislation.**

AB 1166 (Burke, 2017), which was held in this Committee by the request of the author, was similar in nature to this measure.

AB 831 (Bonilla, 2015), which was held on the Assembly Appropriations Suspense File, was similar in nature to this measure.

AB 1318 (Bonilla 2014), which was held by the author on the Senate Floor, was similar to this measure except that under AB 1318, students attending for-profit WASC accredited institutions would also have been eligible for the increased award amount.

**SUPPORT**

Asian Americans Advancing Justice - California  
Association of Independent California Colleges & Universities (AICCU) (Sponsor)  
Azusa Pacific University  
Biola University  
California Catholic Conference  
California Hispanic Chambers Of Commerce  
California Institute of Technology  
California Pan - Ethnic Health Network  
California Student Aid Commission  
California Student Aid Commission  
Hispanas Organized for Political Equality (Hope)  
Hispanic Association of Colleges and Universities (HACU)  
La Sierra University  
Los Angeles Area Chamber Of Commerce  
Los Angeles Pacific University  
Loyola Marymount University  
Mount Saint Mary's University  
Pepperdine University  
Point Loma Nazarene University  
Santa Clara University  
Thomas Aquinas College  
University of La Verne  
University of San Diego  
University of Southern California

**OPPOSITION**

None received.