
SENATE COMMITTEE ON EDUCATION

Senator Carol Liu, Chair
2015 - 2016 Regular

Bill No: AB 1721
Author: Medina
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Urgency: No
Consultant: Kathleen Chavira
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Fiscal: Yes

Subject: Student financial aid: Cal Grant Program

SUMMARY

This bill increases the total number of competitive Cal Grant awards authorized from 25,750 to 34,000, and expands the number of these awards available to, and reserved for, community college students.

BACKGROUND

Existing law authorizes the Cal Grant Program, administered by the California Student Aid Commission, to provide grants to financially needy students to attend college. 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, grade point average, California residency, and other eligibility criteria, as specified in Education Code § 69433.9. (Education Code § 69430-69433.9)

Current law provides for the Cal Grant A and B Entitlement programs. The Cal Grant A High School Entitlement Program provides tuition fee funding for the equivalent of four full-time years at qualifying postsecondary institutions to eligible lower and middle income high school graduates who have at least a 3.0 grade point average (GPA) on a four-point scale and apply within one year of graduation. (Education Code § 69434)

The Cal Grant B High School Entitlement Program provides funds to eligible low-income high school graduates who have at least a 2.0 GPA on a four-point scale and apply within one year of graduation. The award provides up to \$1,551 for books and living expenses for the first year and each year following for up to four years (or equivalent of four full-time years). After the first year, the award also provides tuition fee funding at qualifying postsecondary institutions. Current law authorizes up to 2 percent of new Cal Grant B recipients to be eligible for payment of tuition or fees or both in their first academic year of attendance. (Education Code § 69435.3)

Current law also establishes the Cal Grant Competitive Award Program and, beginning in 2015-16, provides 25,750 Cal Grant A and B awards to applicants who meet financial, academic, and general program eligibility requirements. Half of these awards are reserved for students enrolled at a community college and who met the September 2 application deadline. (Education Code § 69437-§ 69437.7)

ANALYSIS

This bill:

- 1) Beginning with the 2016-17 academic year, increases the number of Competitive Cal Grant awards from 25,750 to 34,000.
- 2) Reserves 19,000 Competitive Cal Grant awards for California Community Colleges (CCC) students with the remaining 15,000 available to all students, including community college students.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, despite comprising about 2/3 of the undergraduate higher education population in California, community college students only receive 6 percent of the resources distributed by Cal Grants. At the same time, community college students are more likely to be socio-economically disadvantaged, undocumented, retraining adults, or the first in their family to attend college. In addition, once the total cost of attendance and all available financial aid is taken into account, it is often more expensive for a financially needy student to attend a community college than a University of California (UC) or California State University (CSU) campus. This bill increases the number of competitive Cal Grants and ensures access for the neediest students by reserving 19,000 of these awards for CCC students.
- 2) ***Net effect?*** Existing law reserves half of the 25,750 authorized competitive Cal Grant awards for community college students (12,875). Existing law also makes the remaining awards eligible to all students, including community college students. This bill would authorize an additional 8,250 of these awards, 6,125 of which would be reserved for community college students for a total of 19,000 awards. Community college students would also be eligible for the additional 2,125 awards available to all students.
- 3) ***Competitive Cal Grant program.*** According to an April 2013 report by The Institute for College Access & Success (TICAS), Strengthening Cal Grants to Better Serve Today's Students, in 2010-11 the majority of Cal Grant recipients (72%) received grants as a high school entitlement award, 5% received transfer entitlement awards, and competitive awards went to 18% of all Cal Grant recipients. According to the TICAS report, many otherwise eligible applicants miss the application deadline or enroll well after they have graduated from high school, and these are particular concerns for the lowest income students who miss timely application because they are unaware of the financial aid that is available. For these students the alternative would be a Competitive Cal Grant.

Prior to the 2015-16 academic year, only 22,500 Competitive Cal Grants were statutorily authorized annually. California Student Aid Commission reports that in the 2014-15 award year, more than 300,000 qualified students applied for the Competitive Cal Grant. The average GPA of these applicants was 2.92.

According to the California Student Aid Commission, Competitive Cal Grant applicants have an average family income of about \$21,666, a family size of three, and an average age of 27.

- 4) **Funding?** The 2015 Budget Act increased the number of competitive Cal Grants that would be funded from 22,500 to 25,750 beginning in the 2015-16 academic year. The 2016 Budget Act did not provide any funding for the increase in competitive Cal Grants proposed by this bill.

SUPPORT

Board of Governors of the California Community Colleges
California Chamber of Commerce
California Immigrant Policy Center
California Student Aid Commission
Foothill-De Anza Community College District
Kern Community College District
Los Rios Community College District
San Diego Community College District
South Orange County Community College District
The Institute for College Access & Success
Western Association for College Admission Counseling

OPPOSITION

None received.

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