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## SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair

2017 - 2018 Regular

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<b>Author:</b>	Santiago		
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**Subject:** Community colleges: enrollment fee waiver

### SUMMARY

This bill waives for one academic year the \$46/unit California Community College (CCC) student fee for any first-time student who is enrolled full-time at a college within a CCC district that meets specified requirements.

### BACKGROUND

Existing law:

- 1) Establishes a \$46/unit fee for students at the CCC. Existing law also requires a waiver of these fees (Board of Governors (BOG) fee waiver) for students who meet specified income requirements based on any of the following criteria:
  - a) At the time of enrollment, the student is a recipient of benefits under the Temporary Assistance for Needy Families program, the Supplemental Security Income/State Supplementary Payment Program, or a general assistance program.
  - b) Demonstrates eligibility according to income standards established by regulations of the BOG.
  - c) Demonstrates financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid. (Education Code § 76300)
- 2) Additionally, provides for waiver of fees for certain types of students, including:
  - a) Students enrolled in specified public benefit programs;
  - b) Homeless students;
  - c) Dependents or surviving spouses of California National Guard members, either killed or who died from a permanent disability, as a result of service to the state.
  - d) Surviving spouse or child of a California law enforcement officer or firefighter killed in the performance of active law enforcement or fire suppression duties or who died as a result of performing those duties.

- e) The dependent of any California resident killed in the September 11, 2001, terrorist attacks.
  - f) The child of a United States military veteran who has a service-connected disability or was killed in action or died of a service-connected disability. (EC § 66025.3.)
  - g) The child of a recipient of the Congressional Medal of Honor. (EC § 66025.3.)
- 3) Provides funding through state apportionments, pursuant to provisional language in the annual budget act, to offset districts' loss of fee revenue due to the Board of Governors (BOG) waiver.
  - 4) Provides Cal Grant B Entitlement awards to students meeting specified income and asset thresholds, having at least a 2.0 GPA and applying either the year they graduate from high school or the following year. Awardees are entitled to a living allowance and tuition and fee assistance. Awards for first-year students are limited to an allowance for books and living expenses (\$1,678). In the second and subsequent years, the award also provides tuition and fee support. (EC § 69435)
  - 5) Establishes the Full-Time Student Success Grant, which supplements the Cal Grant B access award by \$300 per semester for each California Community College (CCC) student enrolled in 12 or more units. This ongoing program was established in the 2015-16 Budget Act (AB 93, Weber).

## ANALYSIS

This bill:

- 1) Waives for one academic year the \$46/unit fee for any CCC students who meet all of the following requirements:
  - a) Be a first-time student.
  - b) Enrolled full-time (12 units or more).
  - c) Complete and submit either a Free Application for Federal Student Aid or a California Dream Act application
  - d) Enrolled at a CCC district that partners with one or more school districts and one or more California State University or University of California campuses to establish or expand a program the adheres to certain practices and principles relative to student preparation for college and/or transfer to a public postsecondary university.
- 2) Specifies that the fee waiver only be waived for the summer term and each semester or quarter of the year in which the student maintains full-time status.

- 3) Specifies that the fee waiver is not available to students subject to out-of-state tuition fees.
- 4) Clarifies that students at basic aid districts are eligible for the fee waiver, and requires these districts to annually report the number of fee waivers granted.
- 5) Provides that all districts are to be eligible for state funds provided to support the implementation of this bill's provisions.
- 6) Requires districts to cover the remaining shortfall, if insufficient state funds are available to cover the additional cost of waivers.
- 7) Declares the Legislature's intent to appropriate sufficient funds to support the provision of a fee waiver for every student who demonstrates eligibility for the new fee waiver program.
- 8) Defines "defines one academic year" to mean the total of the summer term that immediately precedes the first semester or quarter of the fall term, and the two consecutive semesters or three-quarters that immediately follow that summer term.

## STAFF COMMENTS

- 1) ***Rationale for the bill.*** According to the author, "California faces an estimated shortage of one million college-educated workers needed to sustain the state's workforce. The bill is motivated by the multiple promise programs proposed or enacted across the U.S. These proposals have prompted extensive debate across the nation on college access and affordability. Realizing the benefits of such programs, many community college districts throughout California and across the U.S. have implemented local Promise Programs. These programs have been demonstrated to expand access to financial, promote equity, increase enrollment, improve academic performances and boost college completion rates."

The requirements established by the bill extend the provision of fee waivers to a first-time community college student enrolled full-time within a California Community College (CCC) district that enters into local partnership agreements as specified.

- 2) ***Existing tuition-free program at CCCs.*** Unlike other states, California has had a tuition-free program since 1984. Under current law, The Board of Governors (BOG) Fee Waiver is available specifically for low-income students at CCCs. The BOG Fee Waiver will waive the per-unit enrollment fee (currently \$46) at any community college throughout the state. A full-time or part-time community college student who is a California resident, or to be exempt from non-resident fees under AB 540, has financial need based on federal review, receives Temporary Assistance for Needy Families (TANF), the Supplemental Security Income/State Supplementary Payment, General Assistance, or meet the specified income standards may qualify for the waiver for the BOG Fee Waiver. Students may apply for a BOG Fee Waiver at any time and receive it for as long

as they are eligible to take courses, there is no minimum credit requirement and the fee waiver is applied to any course for which a student must pay the enrollment fee.

- 3) ***Who benefits from the proposed waiver program?*** This bill establishes a fee waiver program based on a student's full-time enrollment. The only criteria to be met are that students complete a Free Application for Federal Student Aid (FAFSA) application, met enrollment requirements (i.e. first-time, full-time) and attend a California Community College (CCC) district that partners with a school district or four-year public university. Traditionally, this committee has supported need-based financial aid. As drafted, this bill would extend a new fee waiver for one year to all qualifying recipients without any determination of financial need. Since low-income students already qualify for the Board of Governors (BOG) Fee Waiver, the new waiver proposed in this bill is likely to provide the greatest benefit to students who are less needy and/or those that have the ability to pay. *Should aid be allocated specifically to students with high levels of need rather than as an entitlement to all students?*
- 4) ***The price of college is more than tuition.*** College costs include the fees that pay for a student's education. In addition, students incur attendance costs for books, supplies and living expenses. According to the California Student Aid Commission, "non-tuition" costs exceed \$18,000 annually for CCC students living independently. Research by, The Institute for College Access & Success (TICAS) reveals a student's ability to pay the full cost of attendance is an important factor in his or her success. As such, a student who cannot afford to fully cover access costs such as textbooks, transportation, food, and housing may make choices that undermine their ability to complete their education. For example, they may need to work more hours at the expense of studying. In response to this need, the state has increased efforts to provide additional aid specifically to CCC students to cover living expense.
- 5) ***CCC students not likely to borrow.*** California falls below the national average in student loan debt for students attending any public and nonprofit college. According to a recent report by the Legislative Analyst's Office, students attending CCCs are far less likely to borrow than their peers at four-year institutions, with only 2 percent taking out loans each year, borrowing an average \$5,000. TICAS also notes that most Californians who leave public colleges with debt already attended college tuition-free and non-tuition costs (i.e. living expenses and materials) are the main driver of student borrowing.
- 6) ***State tackling college affordability and completion for CCC by addressing non-tuition cost.*** In recent years, the state invested in various programs to assist low-income students with non-tuition costs and several initiatives are underway at community colleges to address student success and timely completion some of which including, the Associate Degree for Transfer, Student Success and Support, Student Success for Basic Skills and Strong Workforce programs.

Citing current efforts related to improving student success programs and services, the 2017-18 Budget Act provides additional resources for

implementation of Guided Pathways to support community colleges to develop an integrated, institution-wide approach to student success. The initiative is meant to implement systemic change at each college to do the following: improve student knowledge of what course to take to meet their completion objectives, monitor student progress toward completion, and develop clear learning outcomes for students. The expectation is to improve completion rates, reduce-time-to degree and increase California students' employment opportunities.

In addition to these programmatic changes, an eligible student may now receive up to \$4,270 annually for living expenses:

- a) Cal Grant B access award provides students who meet the income and GPA (at least 2.0) requirements an annual allowance of \$1,670.
  - b) Full-Time Student Success grant provides an annual supplemental award of \$600 to Cal Grant B and C recipients who are enrolled full-time (12 units or more).
  - c) Completion Grant, established by SB 85 (Committee on Budget, Chapter 23, and Statutes of 2017) provides a grant award of \$2,000 annually to Full-Time Student Success recipients who complete 15 units within an academic year.
- 7) ***College Promise programs.*** Promise programs are innovative partnerships that connect local K-12, community college and four-year university segments to provide clear pathways for students to follow and achieve their degree. The districts involved in the program also work together to ensure that the curriculum is aligned and that a student will graduate high school having completed all of the requirements to enter college. Successful programs such as Long Beach College Promise also engage city entities, local non-profits and businesses to establish fully-rounded partnerships to invest in student success. Some promise programs use local dollars to provide tuition relief to all students others administer programs without tuition waivers.

This bill requires the waiver of fees in a California Community College (CCC) district that establishes partnership similar to a College Promise program. However, the bill is silent on who determines whether a district meets specified requirements. *Should this measure move forward the author may wish to consider amending the bill to require approval from the Community College Chancellor's Office as to whether a district has met the requirements for establishing local partnerships that address student preparation for college and/or transfer to a public postsecondary university as outlined by this bill.*

- 8) ***Comparable programs in other states?*** Promise programs vary substantially, but they tend to offer some form of free college tuition based on student residency. Some also include student support or assistance programs, such as mentoring. Oregon and Tennessee are entitlements, available to all students regardless of whether they have the capacity to pay for college on their own. According to proponents, the fee waiver program proposed by this bill is intended to mirror the success of the Oregon and Tennessee promise programs.

However, key differences between California and those two states reveal the unique local needs each respective state.

- *Rate of enrollment is relatively low in Tennessee and Oregon.* In both Tennessee and Oregon young adults are less likely than those in other states to enroll in college. According the National Center of Educational Statistics, In Tennessee 39.4 percent and in Oregon 38.2 percent of 18-24 year olds enrolled compared to a national average of 42.5 percent and 47.1 percent in California.
- *California Community College Tuition lowest in the country.* California Community Colleges have the lowest tuition in the country and is one-third of the tuition charge at Tennessee and Oregon community colleges. Additionally, neither Tennessee nor Oregon had state or institutional aid program that matched California's Board of Governors (BOG) Fee waiver program prior to the enactment of their free college tuition program. As such, tuition does not pose the same affordability challenge in California, as in the other states.
- *Non-tuition costs barrier to college affordability in California.* As mention in comment #4 of this analysis, non-tuition costs make-up the majority of student costs in this state and in response to this need California recently invested in student aid programs to address this need.

Notably, the Oregon legislature is seeking to adjust their free college plan by instituting an income cap so as to prioritize waivers for those with the greatest need.

- 9) ***Policy trade-offs.*** According to the Chancellor's Office, of the 2.1 million CCC students, 50 percent of the total population and 70 percent of full-time students receive a BOG fee waiver. Since the inception of the program, more than 5.1 million students (1984-2015) have been exempted from fees and the state has invested more than \$5 billion in the program.

The Assembly Appropriations Committee estimates that the provisions of this bill would result in over 19,054 additional students becoming eligible for a fee waiver, at a cost of about \$31.6 million in General Fund/Prop 98 annually. Using general fund monies for this purpose could mean a reduction in the amount of funding available for other legislative priorities.

The committee may wish to consider:

- a) Is the provision of a benefit that exceeds a student's calculated need the state's highest priority for general fund apportionments to the community colleges?
- b) Would the expanded tuition relief proposed by this bill come at the expense of efforts to expand other financial aid programs to address the total cost of attendance?

c) How could this impact student with the greatest financial need?

10) **Basic aid districts.** A “basic aid district” or “excess tax school entity” is a district that does not receive state general fund apportionment because local property tax revenues and student fees provide sufficient funding to cover their general apportionment funding without additional state dollars. There are currently six basic aid community college districts: San Jose Evergreen, West Valley Mission, Mira Costa, San Mateo, Marin and South Orange. Sierra Community College district is near the basic aid threshold. Basic aid districts do not currently receive reimbursement for Board of Governors (BOG) Fee Waiver recipients; this bill would establish a system where basic aid Community College districts would continue to be ineligible for BOG fee waiver reimbursement for low-income students but would receive reimbursement for the new category of fee waiver eligibility (non-need based). *The committee may wish to consider whether it is reasonable to establish separate fee waiver reimbursement policies for programs that serve a different population of students?*

**SUPPORT**

- American Federation of State County and Municipal Employees
- California Alternative Payment Program Association
- California Federation of Teachers
- California Nurses Association
- California Teachers Association
- Children’s Defense Fund
- Central City Association of Los Angeles
- Faculty Association of California Community College
- Lieutenant Governor, Gavin Newsome
- Long Beach City College
- Los Angeles Community College District
- Los Rios Community College Districts
- North Orange Community College District
- Peralta Community College Districts
- San Bernardino Community College District
- San Diego Community College District
- San Francisco Community College District
- San José Evergreen Community College District
- Santa Monica College

**OPPOSITION**

None received

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