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## SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair

2019 - 2020 Regular

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**Bill No:** AB 2  
**Author:** Santiago  
**Version:** May 16, 2019  
**Urgency:** No  
**Consultant:** Lynn Lorber

**Hearing Date:** July 10, 2019  
**Fiscal:** Yes

**Subject:** Community colleges: California College Promise.

### SUMMARY

This bill expands the California College Promise to provide a fee waiver to specified community college students for a second academic year.

### BACKGROUND

- 1) Establishes a \$46 per unit fee for students at the California Community Colleges (CCC). (Education Code § 76300)
- 2) Provides for a waiver of fees for certain types of students, including those who meet minimum academic and progress standards adopted by the CCC Board of Governors (BOG) and have household incomes below certain thresholds established by the BOG or have demonstrated financial need pursuant to federal law. (EC § 76300)
- 3) Provides Cal Grant B Entitlement awards to students who meet specified income and asset thresholds, have at least a 2.0 GPA and apply either the year they graduate from high school or the following year. Awards for first-year students are limited to an allowance for books and living expenses (\$1,648). In the second and subsequent years, the award provides tuition and fee support in addition to an allowance for books and living expenses. (EC § 69435)
- 4) Establishes the Community Colleges Student Success Completion Grant, which supplements the Cal Grant B access award by up to \$1,298 annually for a student enrolled in 12, 13 or 14 units per semester and up to \$4,000 annually for a student taking 15 or more units per semester. (EC § 88931)
- 5) Establishes the California College Promise, which authorizes CCC districts to waive all or some fees *for one academic year* for first-time CCC students enrolling in 12 or more units per semester who also complete and submit either a Free Application for Federal Student Aid (FAFSA) or a California Dream Act application. (EC § 76396)
- 6) Requires CCC districts, in order to participate in, and receive funding for, the California College Promise program, to meet the following requirements: (a) partnering with local educational agencies to improve high school preparation for college; (b) using evidenced-based assessment and placement practices; (c) participating in the CCC Guided Pathways Grant Program to help students enter and stay on an academic path; (d) ensuring students complete the FAFSA or

Dream Act application; and (e) participating in a federal student loan program. (EC § 76396.2)

## ANALYSIS

This bill:

- 1) Expands the California College Promise to provide a fee waiver to eligible first-time community college students for a second academic year.
- 2) Provides that a student who is enrolled in fewer than 12 units may be deemed “fulltime” at the discretion of the institution if the student has been certified as “fulltime” by a staff person in the disabled student services program at the institution who is qualified to make such a designation.
- 3) Clarifies that a student who has previously earned a degree or certificate from a postsecondary educational institution is not eligible for the California College Promise fee waiver.
- 4) Requires the Chancellor’s Office to submit a report to the Legislature evaluating the use of funding for the California College Promise to waive student fees. This bill requires the report to determine whether the goals outlined in existing law are being met (increasing the number and percentage of high school students who are prepared for and attend college and are placed directly into transfer-level math and English courses, increasing the percentage of students who earn associate degrees or career technical education certificates, increasing the percentage of students who transfer to a four-year university, and reducing/eliminating regional achievement gaps).

## STAFF COMMENTS

- 1) ***Need for this bill.*** According to the author, “Current law only allows for one year of waived tuition for first time, first year students at community colleges. AB 2 will allow for two years of waived tuition.”
- 2) ***Community college fee waiver programs.*** The BOG fee waiver has existed since the inception of CCC enrollment fees, and waives the per unit enrollment fee for any CCC student *who demonstrates financial need*. The BOG fee waiver has been renamed as the California College Promise Grant (not to be confused with the separate California College Promise program, which this bill addresses).

AB 19 (Santiago, Chapter 735, Statutes of 2017) established a new program, the California College Promise program, which authorizes but does not require CCCs to waive fees for first-time, full-time students *without financial need* for their first year of college. To be eligible for these waivers, students must have no prior postsecondary coursework, enroll in 12 or more units per semester, and submit a FAFSA or a California Dream Act application. This bill expands the California College Promise program to include a second academic year.

- 3) ***Included in the Budget.*** AB 74 (Ting, Chapter 23, 2019), which is the Budget Act of 2019, allocates over \$42.5 million to support extending the California College Promise to a second academic year (in addition to \$42.5 million to support the first academic year).

SB 77 (Committee on Budget and Fiscal Review, 2019), which is the higher education budget trailer bill, includes the statutory changes necessary to expand the California College Promise for a second academic year. This bill differs from SB 77 in that it also provides that a student who has earned a degree or certificate is not eligible for the California College Promise fee waiver, provides that a student who is enrolled in fewer than 12 units may be deemed “full time” if certified by staff in the disabled student services program, and includes a reporting requirement. *Therefore, this bill is generally unnecessary and conflicts with budget language.*

- 4) ***Legislative Analyst’s Office (LAO) Analysis of Budget Proposal.*** According to the LAO’s analysis of the Governor’s January budget proposal, in 2017-18, 41 percent of CCC students - representing almost two-thirds of units taken - had their enrollment fees fully waived through the former BOG waiver program (for students *with financial need*).

With regard to the new California College Promise program, the LAO reported that in 2018-19, 105 CCCs have indicated they are meeting all six requirements and are, in turn, receiving College Promise funds. Nine colleges have opted out of the program, primarily out of concern that the sixth requirement—offering federal student loans—will increase their cohort default rates. (Colleges must maintain cohort default rates below a certain threshold to remain eligible for federal financial aid, including the Pell Grant program.) According to the CCC Chancellor’s Office, 85 of the 105 colleges receiving College Promise funds are using some or all of their funds to provide fee waivers to first-time, full-time students *without financial need*. The remaining 20 colleges are using the funds for other purposes, such as book stipends for financially needy students and additional financial aid staff positions. The Chancellor’s Office indicates that some colleges are opting to use College Promise funds for other purposes because they already had local programs waiving fees for eligible students.

The LAO recommended that the Legislature reject the Governor’s proposal to extend the California College Promise to a second academic year, based on the following concerns:

- a) First, since the program is in its first year, the state does not yet know the effect of the program on overall enrollment, full-time enrollment, financial aid participation, and other student outcomes, thus it is too soon for the Legislature to evaluate the current program.
- b) Second, as the program primarily benefits students who are not considered financially needy, while lower income students receiving BOG fee waivers still face other challenges in meeting their total college costs, the Legislature may have higher priorities for use of the funds.

- c) Third, colleges now have other, stronger incentives to provide student support and improve student outcomes.
- 5) **Things to consider about non-need based financial aid.** While the Legislature has crossed this bridge by establishing a non-need based financial aid program through AB 19 (Santiago, Chapter 735, 2017) and AB 74 (Ting, Chapter 23, 2019), the following issues remain:
- a) Should financial aid be allocated specifically to students with high levels of financial need rather than as an entitlement to all students?
  - b) Does the requirement for a student to be enrolled full-time to be eligible for the California College Promise fee waiver disadvantage students who cannot afford to fully cover access costs such as textbooks, transportation, food, and housing and therefore need to work more hours at the expense of taking a full load of courses?
  - c) Does providing financial aid to non-needy students come at the expense of expanding financial aid for needy students, such as the Cal Grant program, to include aid for the total cost of attendance?
- 6) **Fiscal impact.** According to the Assembly Appropriations Committee, this bill would impose:
- a) Proposition 98 General Fund increases of \$43 million to provide funding to community college districts to waive enrollment fees for full-time students for two years.
  - b) Costs of about \$250,000 General Fund or Proposition 98 General Fund to the CCC Chancellor's office to complete report.

## SUPPORT

Los Angeles Community College District (sponsor)  
California Catholic Conference  
Monterey County Board of Supervisors  
National Association of Social Workers, California Chapter

## OPPOSITION

None received

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