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## SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair

2019 - 2020 Regular

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**Bill No:** AB 540 **Hearing Date:** July 3, 2019  
**Author:** Limón  
**Version:** February 13, 2019  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Olgalilia Ramirez

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

### SUMMARY

This bill establishes the Cal Grant B Services Incentive Grant Program, under the administration of the California Student Aid Commission (CSAC), for students that 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 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 (EC) § 69430 - 69433)
- 1) Established by AB 540, (Firebaugh, Chapter 814, Statutes of 2001) exempts specified California nonresidents from paying nonresident tuition at University of California (UC), California State University (CSU), and California Community Colleges (CCC), also known as the AB 540 nonresident tuition waiver, if they meet all of the following:
  - a) Attended or attained credits at a California high school, an adult school, a CCC campus, or a combination of these entities, for the equivalent of three or more years; or completed three or more years of full-time high school coursework, and a total of three or more years of attendance in California elementary schools, California secondary schools, or a combination of such elementary and secondary schools;
  - b) Graduated from a California high school or attained an equivalent degree; attained a CCC associate degree; or fulfilled the minimum transfer requirements from a CCC campus to a UC or CSU campus;
  - c) Registered or attended an accredited California higher education institution beginning after fall of the 2001-02 academic year; and,

- d) If a person without lawful immigration status has filed an affidavit stating that the student has filed an application to legalize his or her immigration status or will file such an application as soon as he or she is eligible to do so. Students who meet the requirements to qualify for the exemption from nonresident tuition are commonly referred to as “AB 540 students.” (EC § 68130.5)
- 2) Establishes the California Dream Act, and provides 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)
- 3) Provides that a student attending the CSU, the CCC, or the 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)
- 4) 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)
- 5) 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)
- 6) 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)
- 7) 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 CSAC 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)

- 8) 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 establishes the Cal Grant B Services Incentive Grant Program, under the administration of the CSAC, for students that qualify for the exemption from nonresident tuition established by AB 540 (Firebaugh, Chapter 814, Statutes of 2001). Specifically, it:

- 1) Establishes, commencing with the 2020-21 academic year, the Cal Grant B Service Incentive Grant Program, which will ensure some of the state's Dreamers are able to participate in a service-learning program.
- 2) Requires that in order to receive the grant a student be a recipient of a Cal Grant B award and perform at least 100 hours of community or volunteer service per quarter or 150 hours of community or volunteer service per semester, as appropriate, through organizations meeting the requirements established by the bill.
- 3) Requires participating organizations to report the hours performed to CSAC in a timely manner.
- 4) Provides that a student is eligible to receive a grant for a maximum of eight semesters or 12 quarters and upon meeting the minimum service requirement, the student is eligible for an award of up to \$1,500 per semester or \$1,000 per quarter to be calculated as follows:
  - a) Fifty percent of the unmet need of up to \$1,500 of a student enrolled in a semester-based system, or 33.33 percent of the unmet up to \$1000 of a student enrolled in a quarter-based system, as appropriate, and adjusted based on enrollment statutes as a half-time, three-fourths or full-time, as specified.
  - b) If a student is eligible to receive a grant, the minimum amount award in a semester or quarter is to be determined as follows:
    - i) \$150 for half-time students.

- ii) \$225 for three-fourths of full-time students.
  - iii) \$300 for full-time students.
- 5) Prohibits a grant awarded under the program from offsetting or replacing any other source of grant aid, including, but not necessarily limited to institutional aid and scholarships.
- 6) Limits participation in the program to no more than 2,500 eligible students on a first-come-first-served basis, as specified.
- 7) Deems a student eligible to participate in the program if the student 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 established by AB 540 (Firebaugh, Chapter 814, Statutes of 2001) or pursuant to a similar provision adopted by the Regents of the UC.
  - c) Is a recipient of a Cal Grant B award.
  - d) Is determined by the commission to have unmet need.
  - e) Is enrolled at a campus of the UC, the CSU, or the CCC, or at an independent institution of higher education, that is a qualifying institution, as defined.
  - f) Agrees to perform the number of hours of community or volunteer service required, for participation in the program.
- 8) Requires that, in order for the community or volunteer service performed to be applied to the minimum hours required for eligibility for this program, the organization and service meet all of the following requirements, as determined by the commission:
- a) Register with the commission, and report the service hours of the participating students.
  - b) Be one of the following:
    - i) A federal, state, or local governmental entity.
    - ii) A qualifying Cal Grant institution, as defined.
    - iii) Exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.
  - c) The community or volunteer service performed by the participating student

is not advocacy of a political, social, or religious nature.

- d) The community or volunteer service is related to the participating student's field of study, or is in furtherance of community service or a community need.

## STAFF COMMENTS

- 1) **Need for the bill.** According to the author, “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) **Identical program approved in budget bill.** SB 77 (Committee on Budget and Fiscal Review, 2019), the Higher Education trailer bill, nearly identical to this bill, creates the Cal Grant B Service Incentive Grant Program and provides \$9 million General Fund to support the program. Ultimately, this bill conflicts with SB 77, which was approved by both houses on June 17, 2019.
- 3) **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. This bill seeks to provide Dream act recipients with an opportunity to earn additional student aid to cover educational expenses through volunteer service.
- 4) **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, be an AB 540 student and have unmet financial need. 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 CSAC.
- 5) **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 CSAC. The duration of the award is restricted to eight semesters (4 academic years) of eligibility.

6) ***Related legislation.***

AB 1037 (Limon, 2018), substantially similar to this bill, establishes, commencing with the 2018-19 academic year, the Cal Grant B Service Incentive Grant Program, under the administration of the CSAC who meet the requirements to qualify for the exemption from nonresident tuition established by AB 540 (Firebaugh, Chapter 814, Statutes of 2001). AB 1037 was placed on the Suspend file in the Senate Appropriations Committee.

AB 1645 (Blanca Rubio, 2019) requires the CCC and the CSU , and requests the UC, to designate a Dreamer Resource Liaisons who is knowledgeable in financial aid and other support services to assist students who qualify for the exemption from paying nonresident tuition established by AB 540. It also encourages the establishment of Dream Resource Centers on each campus, as specified. AB 1645 was heard and approved by this committee on June 26, 2019.

## **SUPPORT**

Alliance for a Better Community  
 Asian Americans Advancing Justice  
 Cal State Student Association  
 California Catholic Conference  
 California League of United Latin American Citizens  
 California Student Aid Commission  
 California Undocumented Higher Education Coalition  
 Californians Together  
 Campaign for College Opportunity  
 Carecen  
 Coalition for Humane Immigrant Rights (CHIRLA) (Sponsor)  
 Foundation for California Community Colleges  
 Hispanas Organized For Political Equality (Hope)  
 Hispanic Association of Colleges and Universities (HACU)  
 Immigrants Rising  
 Kid City Hope Place  
 Los Angeles Community College District  
 Los Angeles United Methodist Urban Foundation  
 San Jose-Evergreen Community College District  
 Southern California College Access Network  
 Student Senate for California Community Colleges  
 Students Making a Change (SMAC)  
 The Education Trust - West  
 The Institute for College Access & Success  
 University of California Student Association  
 USC Rossier Pullias Center for Higher Education

## **OPPOSITION**

None received.

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