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# SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair

2019 - 2020 Regular

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**Bill No:** AB 697 **Hearing Date:** July 3, 2019  
**Author:** Ting and McCarty  
**Version:** May 9, 2019  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Olgalilia Ramirez

**Subject:** Student financial aid: Cal Grant Program: qualifying institutions.

## SUMMARY

This bill requires, for five academic years, beginning in the 2020-21 academic year, any college or university that provides preferential treatment in admissions to applicants with a relationship to donors or alumni to report information about those admissions to the California Student Aid Commission (CSAC) annually, as a condition of its students receiving Cal Grant student aid.

## BACKGROUND

Existing law:

- 1) Authorizes the Cal Grant program, administered by the CSAC, 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 (GPA), California residency, and other eligibility criteria, as specified in Education Code § 69433.9. (Education Code § 69430-69433.9)
- 2) Requires a “qualifying institution”, i.e. an institution able to enroll Cal Grant recipients, to:
  - a) Meet federal financial aid standards.
  - b) Maintain a student loan default rate below 15.5 percent and a graduation rate above 20 percent. (Institutions with 40 percent or less of undergraduates borrowing federal student loans are exempt from these requirements.)
  - c) Report enrollment, persistence, and graduation data for all students and Cal Grant recipients as well as job placement and earnings data for occupational programs. (EC§ 69432.7.)

## ANALYSIS

This bill expands requirements to be a qualifying Cal Grant institution by, in addition to meeting the conditions in current law, requires, for five academic years, beginning in the 2020-21 academic year, any college or university that provides preferential treatment in

admissions to applicants with a relationship to donors or alumni to report information about those admissions to the CSAC annually. Specifically it:

- 1) Requires, for the five academic years commencing with the 2020-21 academic year, the institution, if it provides any manner of preferential treatment in admission to applicants with a relationship to donors or alumni of the institution, to disclose all of the following to the commission for the previous academic year regarding these applicants:
  - a) The number of applicants who did not meet the institution's admission standards that apply to all applicants, but who were offered admission.
  - b) The number of applicants reported in a) above who accepted admission to the institution.
  - c) The number of applicants reported in b) above who enrolled at the institution.
  - d) The number of applicants who met the institution's admission standards that apply to all applicants and who were offered admission.
  - e) The number of applicants reported in d) above who accepted admission to the institution.
  - f) The number of applicants reported in e) above who enrolled at the institution.

## STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, "The admissions scandal sheds light on the many legal ways that wealth and social connections skew the college admissions process. While legislation might not prevent the next scandal from happening, it can help end fundamental systemic inequities and help more students access higher education.

A 2017 study published in the National Bureau of Economic Research found that children from the top one percent are 77 times more likely to attend an Ivy League college compared to children in the bottom 20 percent.

High GPAs and SAT or ACT scores, along with a well-rounded resume of extracurricular activities, help a student's college application stand out amongst his or her peers. While most students work exceptionally hard to bolster these credentials, some students benefit from extra support via expensive test preparation services, private tutoring, and college admissions consulting. SAT or ACT tutors can cost between \$50 to a few hundred dollars an hour, and some students can afford to take the tests multiple times.

According to the Independent Educational Consultants Association, most college consultants charge between \$2,000 to \$10,000 for a comprehensive package that can include guidance selecting prestigious middle and high schools,

coursework and internships, and application essay topics. Some consultants charge over \$75,000 for their services (more than four times the cost of one year's tuition at the University of California system). With college admissions growing more competitive, market research firm IBISWorld estimates the number of independent education consultants has quadrupled between 2005 and 2018, booming into a \$2 billion industry.

Students related to a college's alumnus or donor may further benefit in the admissions process. The 2018 Survey of College and University Admissions Directors found that 42 percent of admissions directors at private institutions say that legacy status is a factor in admissions at their institutions, with only 32 percent believing it is an appropriate consideration. Furthermore, 65 percent of high school counselors say that their students with legacy status appear to have much better chances of admission than others applying to competitive colleges. Altogether, these considerations not only discourage families who already feel the odds are stacked against them, but also reveal the many legal advantages wealthy families have in the college admissions process."

- 2) ***Gaming admissions.*** The Department of Justice charged several dozen individuals accused of cheating and accepting bribes to gain student's unlawful admission to top universities throughout the country, including the UC. Athletic coaches from Yale, Stanford, University of Southern California, Wake Forest and Georgetown, among others, are implicated, as well as parents and exam administrators. This bill seeks to shed light on college admission practices in California. To note, it appears that neither the community college nor CSU system played a role in the mentioned admission incident.
- 3) ***Public institutions do not have policies that grant preferential treatment based on relationships.*** California community colleges are open access institutions and do not participate in selective admissions procedures. According to the CSU, there is no systemwide policy on legacy admissions. The UC discourages such action. As stated in the, UC Regents Policy Barring Development Considerations, "Admissions motivated by concern for financial, political or other such benefit to the University do not have place in the admission process." It appears some independent non-profit colleges and universities may grant preferential treatment when considering admissions overall.
- 4) ***Cal Grant qualifying institution.*** Existing law establishes institutional eligibility criteria for participation in the Cal Grant program, including meeting federal financial aid requirements, maintaining a certain student loan default rate, and reporting enrollment, persistence, and graduation data for Cal Grant recipients. This bill adds to those criteria the requirement for colleges and universities to disclose the number of applicants who were admitted but did not meet admission standards. Failure to report this information could disqualify the institutions from the Cal Grant program and subsequently have an adverse impact a student's ability to use their Cal Grant award and remain enrolled at that institution. For this reason ***the author wishes, committee staff agrees, that the bill be amended*** to recast its provisions so that disclosure of the specified information not be a condition for institutional participation in the Cal Grant program and require information be disclosed to the Legislature rather than to CSAC.

5) ***Related legislation.***

AB 1383 (McCarty, 2019) prohibits a UC or CSU campus from admitting any student by admission by exception unless approved, prior to the student's admission, by at least three campus administrators. This bill was approved by this committee on June 26<sup>th</sup> and subsequently referred to the Senate Appropriations Committee.

ACR 64 (McCarty, 2019), requires that the CSU Trustees and the UC Regents conduct a study on the usefulness, effectiveness, and need for the SAT and ACT to determine student admissions. This is scheduled to be heard in this committee on July 10.

**SUPPORT**

San Francisco Unified School District

**OPPOSITION**

None received

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