
SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair

2019 - 2020 Regular

Bill No: SB 148 **Hearing Date:** March 27, 2019
Author: Glazer
Version: January 18, 2019
Urgency: No **Fiscal:** Yes
Consultant: Olgalilia Ramirez

Subject: Public postsecondary education: the California Promise: Student Success and On-time Completion Fund.

SUMMARY

This bill establishes the Student Success and On-time Completion Fund in the State Treasury, and authorizes the Trustees of the California State University (CSU) to use money in the fund to incentivize participation in a California Promise program through the offering of grants or tuition freeze, as specified. The bill also requires CSU to waive systemwide tuition or fees for a participating student unable to complete their degree due to limited space or no course offerings, as specified.

BACKGROUND

Existing law:

- 1) Establishes the California Promise for the purposes of supporting CSU students in earning a baccalaureate degree within four academic years of the student's first year of enrollment or for transfer students within two academic years of the student's first year of enrollment to the campus.
- 2) Requires the Trustees of the CSU to:
 - a) Develop and implement a California Promise program, beginning the 2017-18 academic year, at a minimum of eight campuses for non-transfer students and a minimum of 15 campuses (20 campuses by 2019-18) for qualifying transfer students. These campuses enter into a pledge with a first-time freshman or with a qualifying transfer student to support the student in obtaining a baccalaureate degree within four academic years.
 - b) Submit a report to Legislative policy and fiscal committees by January 1, 2021 that includes the number of students participating in the program in total, the total number of students who graduated in four academic years for students who entered as first-time freshman and two academic years, for California Community College transfer students and a summary description of significant differences in the implementation of the California Promise program at each campus.
 - c) Submit recommendations to the appropriate policy and fiscal committees

of the Legislature, by March 15, 2017, regarding potential financial incentives that could benefit students who participate in the California Promise program.

- 3) Requires support provided by a California State University (CSU) campus for a California Promise program student to include, but not necessarily be limited to, both of the following:
 - a) Priority registration in coursework provided that a student does not qualify for priority registration under another policy or program, as specified.
 - b) Academic advisement that includes monitoring academic progress.
- 4) Requires a student in order to qualify for the program too:
 - a) Be a California resident for purposes of in-state tuition eligibility.
 - b) Commit to completing at least 30 semester units or the quarter equivalent per academic year, including summer term units, as specified.
- 5) Requires a campus to guarantee participation in the program to, at a minimum, any student who is a low-income student, as defined, a student who has graduated from a high school located in a community that is underrepresented in college attendance, a first-generation college student or a transfer student who successfully completes his or her associate degree for transfer at a community college.
- 6) Establishes as a condition of continued participation in a California Promise program, a student may be required to demonstrate both of the following:
 - a) Completion of at least 30 semester units, or the quarter equivalent, in each prior academic year.
 - b) Attainment of a grade point average in excess of a standard established by the campus.
- 7) Sunsets the program on January 1, 2026. (Education Code § 67430 et. seq)

ANALYSIS

This bill:

- 8) Establishes the Student Success and On-time Completion fund in the State Treasury and authorizes the Trustees of the CSU, upon appropriation by the Legislature, to use moneys in the fund to incentivize participation in a California Promise program in one or more of the following ways:
 - a) Provide a Summer Term Grant to a qualified student who participates in the California Promise program to cover the cost to take up to six units or two courses, whichever is greater, during a summer term during the

student's academic career. This bill authorizes enrollment in one course in two summer sessions or two courses in one summer session.

- b) Provide an On-Track Grant of up to \$2,000 to a qualified student who participates in the California Promise program at the completion of each academic year. This bill specifies that the purpose of the grant is to provide participating students with additional financial aid to offset their total cost of education, including housing, textbooks, and transportation.
 - c) Provide a tuition freeze to a qualified student who participates in the California Promise program in accordance with the following:
 - i) Prohibits a participating student from being charged systemwide tuition in excess of the tuition charged to the student as an entering freshman at the California State University (CSU).
 - ii) Prohibits a participating transfer student who successfully received an associate degree within two academic years at a California community college from being charged statewide tuition in excess of the tuition that would have been charged to the student at the CSU at the time the student began the two year associate degree program.
 - iii) Prohibits all other participating community college transfer students from being charged systemwide tuition in excess of the tuition charged to the student when admitted to the CSU as a transfer student.
- 9) Authorizes the trustees to select any combination of the three financial incentives as described in a, b, and c above, for each campus with a California Promise program, at their discretion.
- 10) Commencing July 1, 2020, requires that the CSU waive systemwide tuition or fees for a participating student unable to complete their baccalaureate degree within the required time because courses for the degree program are not offered or are full at the campus, once the course or a substitute course becomes available.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, this bill is intended to address barriers to student success which include the availability of classes and financial challenges. The Campaign for College Opportunity estimates that every additional year of college beyond four years increases the total cost by more than \$26,000 in tuition, fees, books, and living expenses.

The provisions of the bill are based on existing California Promise programs at CSU established by SB 412 (Glazer, Chapter 436, Statutes of 2016) which, in exchange for a promise to complete 30 units per year and maintain a grade point average standard, provides priority enrollment and enhanced academic advising.

This bill seeks to offer financial incentives, in exchange for participation in a California Promise program, in the form of grants and tuition freezes. In addition, this bill would grant tuition waivers if students were unable to complete a degree within the required period due to unavailability of courses.

- 2) **Status of existing California Promise programs.** Senate Bill 412 (Glazer, Ch. 436, Stats. 2016) required the Trustees of the California State University (CSU) to develop and implement a California Promise program, beginning the 2017-18 academic year, at a minimum of eight campuses for non-transfer students and a minimum of 15 campuses for qualifying transfer students. These campuses enter into a pledge with a first-time freshman or with a qualifying transfer student to support the student in obtaining a baccalaureate degree within four academic years or within two for transfer students. Students who commit to enter either the four-year or two-year pledge are given priority registration and are provided with routine and thorough academic advisement. To date, 20 of the 23 CSU campuses have a promise program. This bill seeks to provide these program participants with a financial support to stay on course.
- 3) **California Promise program evaluation.** SB 412 (Glazer, Chapter 436, Statutes of 2016) also required the Board of Trustees to submit recommendations regarding potential financial incentives that could benefit students who participate in the program. The CSU made several recommendations all of which relate to the provisions of this bill. Those recommendations include:
 - a) *Final term approach.* Use funds appropriated by the state for this purpose to provide grants equal to the amount of systemwide tuition for their last academic term. This approach for a student who already qualified for a need-based tuition grant, the student would receive an award in the same amount that could be used toward other educational costs such as mandatory campus fees, books, or living expenses. The CSU asserts that since helping students to persist in these programs is a long-standing issue, this final-term approach would be an attractive capstone to student persistence for all students.

This bill proposes a similar grant with notable differences. Rather than providing a one-time award for their last academic term, this bill offers a grant to qualified students who participate at the completion of each academic year. It appears that the purpose of the grant would be to help students cover tuition and other costs such as housing, textbooks and transportation.

- b) *Summer term approach.* Use funds allocated by the state for this purpose to provide a tuition grant to students to take up to six units, or two courses (whichever is greater) during the summer term during their academic career. According to California State University (CSU), this approach would enable greater participation and broaden access as many students find it difficult to enroll in 15 units each term of the regular academic year. This approach would allow students to take 12 units in one or both semesters followed by an enrollment of 3 or 6 units in the summer to

complete the 30 year unit requirement. A campus would have to offer a more robust summer schedule in order for this approach to succeed.

This recommendation is nearly identical to the summer grant proposed in the bill. Eligibility for the summer grant benefit are not specified in the bill.

- c) *Guarantee approach.* Offer students a guarantee that their degree programs can be completed in four to two years with the understanding that tuition will be essentially waived if the institution is at fault for students taking longer to graduate. According to CSU, this is an effective approach to incentivize program participation and additionally acts as a campus incentive to ensure that courses are offered within the period needed to complete a program. However, CSU notes that for the 62 percent of undergraduate students receiving non-loan financial aid which fully covers tuition, the perceived benefit of the guarantee may be limited.

This bill requires CSU to waive tuition for a student who is unable to complete a baccalaureate degree program with four academic years or in two for transfer students due to the unavailability of courses. The waiver outlined in this bill applies only to students participating in a California Promise program and could result in only benefiting students who are ineligible for tuition assistance program that are based on the applicant's financial need.

- d) *Tuition freeze approach.* This approach would hold tuition costs constant for the duration of a student's enrollment, which is referred to as a tuition freeze. This approach is assessed as an ineffective tool for incentivizing participation and its use is not recommended.

The bill authorizes the use of funding appropriated by the Legislature for tuition freezes for program participants. Since the Cal Grant and State University Grant cover any increase in CSU systemwide fees for a student that meets income and asset requirements, tuition freezes would primarily benefit students ineligible for these tuition aid programs and as such would have limited value to the majority of CSU undergraduate students. In the absence of routine tuition increases, the report notes, that this approach would not be an effective incentive to increase participation or improve retention and could decrease operating revenues for campuses.

Aside from the complexity of administering tuition freezes across multiple program years, this bill could result in subsidizing tuition costs for students regardless of their financial need. Traditionally, this Committee has supported need-based financial aid. *The Committee may wish to consider whether it is appropriate use of state funds for this purpose given that the incentive may be ineffective and offers financial assistance that is not need-based. In addition, could freezing tuition for one group of students have a disproportionate impact for other groups that are not extended that same benefit? Should the bill be amended to delete provisions that authorize tuition freezes?*

Staff recommends that the bill be amended to delete provisions relative to tuition freezes. **Staff also recommends** that the bill be amended to make receipt of a grant award derived from the Student Success and On-time Completion Fund contingent upon eligibility in the federal Pell Grant or state Cal Grant program for purposes of ensuring that awards granted from the fund are need-based as follows: “A student attending the California State University may receive a grant award from the Student Success and On-time Completion Fund if the student is eligible for a Cal Grant or Pell Grant after filing a Free Application for Federal Student Aid or California Dream Application.”

- 4) **Other systemwide efforts to promote student success and timely degree completion at California State University (CSU).** To address its low graduation rates, CSU launched the “Graduation Initiative 2025,” in 2015. Through this initiative, CSU has set a goal to increase six- and four-year graduation rates for first-time freshmen to 70 percent and 40 percent, respectively, by 2025. The Graduation Initiative also seeks to increase graduation rates for transfer students. In addition, CSU has a goal to eliminate differences in graduation rates for several groups of students, including those who are low-income and first generation. The strategies employed by the campuses to achieve these goals include faculty hiring, offering of additional course sections, hiring academic advisors and investing in student support programs and services. Similar to the goals of this bill, funding can and is used by campuses to provide financial support and incentives for students. For instance, at CSU Fresno, Bulldog Retention Grants are awarded to students on track for graduation but who have a financial shortfall of less than \$1,500 and are subject to being dropped from all classes. In 2017-18, grants were awarded to 320 students. Ninety-six percent of grant recipients either graduated or were retained. Staff notes that state funding for the CSU Graduation Initiative has increased over the past few years.

This bill establishes an independent fund to incentivize participation in a program that promotes student success and four-year degree completion. *Given that the objective of the Graduation Initiative is similar to that of the California Promise program, is the creation of a separate fund necessary?*

- 5) **Prior and related legislation.**

SB 346 (Glazer, 2018) was nearly identically to this bill in its final form, and failed passage on the Assembly floor. SB 346 was not heard by this committee.

SB 803 (Glazer, 2017) was nearly identical to this bill, was approved by this committee by a vote of 5-2 and was subsequently held on the Senate Appropriations Committee Suspense file.

SB 412 (Glazer, Chapter 436, Statutes of 2016) required the CSU Board of Trustees to develop and implement a program, known as the California Promise, that authorizes a campus to enter into a pledge with qualifying students, as defined, to support completion of a baccalaureate degree within four years or, for transfer students within two years, and outlines the requirements which may be included in such a program. SB 412 also required the Board of Trustees to

submit recommendations regarding potential financial incentives that could benefit students who participate in the program.

SB 1450 (Glazer, 2016) would have required the CSU to develop and implement a program that authorizes a campus to enter into a pledge with qualifying students to support completion of a baccalaureate degree within four years and offer incentives to students in exchange for participation in the program. SB 1450 would have established various requirements regarding systemwide fees for California Promise students at CSU, including freezing tuition and granting tuition waivers if students were unable to complete a degree within the required timeframe due to unavailability of courses. SB 1450 also imposed these same requirements on the community colleges (CCC) and required the CCC Board of Governors to establish the Promise program as well. The CCC was removed from the scope of the bill and instead required California State University to ensure entry into a Promise program for any CCC student who transfers with an Associate Degree for Transfer. SB 1450 was heard by this committee on April 20, 2016, and failed passage, by a vote of 4-2.

SUPPORT

California State Student Association

OPPOSITION

None received

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