

## ASSEMBLY THIRD READING

AB 1314 (Medina, et al.)

As Amended May 17, 2019

Majority vote

**SUMMARY:**

Enacts the Cal Grant Reform Act, which, with a built in phase in, reforms the state's Cal Grant student financial aid programs and creates the summer Cal Grant program.

*EXISTING LAW:*

*Federal law.* Provides federal financial aid, known as the Pell Grant, to students who demonstrate financial need. The Pell Grant award can be used for tuition and fees, books, and supplies, transportation, and living expenses for the equivalent of up to six years of full-time enrollment. The maximum Pell Grant for 2018-19 is \$6,095 (20 U.S. Code Section 1070).

*State law.* Establishes the California Student Aid Commission (CSAC) for the purpose of administering specified student financial aid programs (Education Code (EC) Section 69510, et seq.).

*Please refer to the Assembly Committee on Higher Education policy analysis for further discussion of existing law.*

**Major Provisions**

- 1) Consolidates the Cal Grant A, B, and C Programs into one Cal Grant Program
- 2) Consolidates the Middle Class Scholarship into the one Cal Grant Program
- 3) Authorizes the use of Cal Grant awards during summer terms and/or sessions
- 4) Removes all of the following barriers for determining eligibility with regard to:
  - a) Age;
  - b) Years out of high school;
  - c) Grade Point Average (GPA); and,
  - d) AB 540 status

To note, by removing all of the barriers, per (4)(a-d) above, the competitive Cal Grant program will thus be eliminated.

- 5) Requires CSAC to develop a funding formula using student need, based on family income, and total cost of attendance to determine the award amounts for students. The formula will ensure that, in addition to students' tuition being covered, and based on their income, students will receive additional grant dollars for their non-tuition costs, such as books, transportation, housing, and personal costs; the goal of this new program is to place students on a path towards a debt free education.

- 6) Makes numerous and confirming changes as it provides a phase in for the various aforementioned components.

### COMMENTS:

*Background.* The Legislature appropriates more than \$2 billion annually toward financial aid. Nearly 400,000 students are expected to receive a Cal Grant this year. Financial aid is critical to providing access to higher education for low-income students, and research continues to underscore the importance of the Cal Grant program: a study published in February of 2019 in the *American Economic Journal*, found that Cal Grant increases persistence in college, degree attainment, and post-college earnings.

Despite the state's significant investment and strong evidence of the benefits of financial aid, there is significant consensus among higher education stakeholders that California's aid programs are too complicated, exclude too many needy students, and do not adequately address the costs that today's students face; major factors contributing to rising student debt and suboptimal outcomes.

All three public segments (the California Community Colleges, California State Universities, and Universities of California) report slower time-to-degree and lower graduation rates for low-income students, compared to their peers.

*Please refer to the Assembly Committee on Higher Education policy analysis for further discussion.*

### According to the Author:

"While robust, California's financial aid system is out of date and unnecessarily complex." The author contends that, "State aid does not adequately serve today's college students and does not reflect the high cost-of-living on and around most of California's campuses." Further, the author states, "To ensure more Californians have access to an affordable degree, comprehensive reform is needed."

### Arguments in Support:

According to the California Department of Education, "Students are experiencing increased food and housing insecurities because financial aid is not sufficient to cover the total cost of attending postsecondary education. The Cal Grant Reform Act would help alleviate financial challenges students face and let them get back to focusing on their school work."

### Arguments in Opposition:

There is no opposition on file.

### FISCAL COMMENTS:

According to the Assembly Appropriations Committee:

- 1) Ongoing General Fund costs of at least \$2 billion for awards, once the program is fully phased in.
- 2) One-time General Fund costs to CSAC, likely in the \$1 million range.
- 3) Ongoing General Fund costs of about \$2 million for CSAC.

**VOTES:**

**ASM HIGHER EDUCATION: 10-0-2**

**YES:** Medina, Choi, Quirk, Bloom, Gabriel, Irwin, Levine, Low, Santiago, Weber

**ABS, ABST OR NV:** Kiley, Patterson

**ASM APPROPRIATIONS: 13-0-5**

**YES:** Gonzalez, Bloom, Bonta, Calderon, Carrillo, Chau, Eggman, Gabriel, Eduardo Garcia, Maienschein, Petrie-Norris, Quirk, Robert Rivas

**ABS, ABST OR NV:** Bigelow, Brough, Diep, Fong, Obernolte

**UPDATED:**

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CONSULTANT: Jeanice Warden / HIGHER ED. / (916) 319-3960

FN: 0000819