
SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair

2021 - 2022 Regular

Bill No: SB 851 **Hearing Date:** March 9, 2022
Author: Portantino
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Urgency: No **Fiscal:** Yes
Consultant: Olgalilia Ramirez

Subject: Cal Grant Program: independent institutions of higher education

SUMMARY

This bill modifies the formula for determining the amount of a Cal Grant award for a student who attends a California nonprofit independent institution of higher education (Independent California Colleges and Universities - ICCU). It further expands eligibility for supplemental Cal Grant programs and the Community College Entitlement program to students attending ICCUs.

BACKGROUND

Existing law:

- 1) Stipulates that public higher education in the state consists of: a) the California Community Colleges (CCC); b) the California State University (CSU), and each campus, branch, and function thereof; and, c) the University of California (UC), and each campus, branch, and function thereof. Defines "independent institutions of higher education" as those nonpublic higher education institutions that grant undergraduate degrees, graduate degrees, or both, and that are formed as nonprofit corporations in this state and are accredited by an agency recognized by the United States Department of Education (Education Code (EC) § 66010).
- 2) Authorizes the Cal Grant program, administered by the California Student Aid Commission (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. Supplemental awards programs have been created for students with dependent child(ren) and former and current foster youth to assist with non-tuition costs. 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 criteria. Maximum award amounts for CSU and UC are established in the annual Budget Act and have traditionally covered all systemwide tuition and fees (EC § 69430 – 69433 and EC § 69465, 69470 and 6945.5).
- 3) Establishes the Student Transfer Achievement Reform (STAR) Act, which in part, requires a student that receives an associate degree for transfer (ADT) to be deemed eligible for transfer to a CSU baccalaureate degree program when the student meets specified requirements. Community college students earn an ADT degree after taking 60 units consisting of general education courses and courses in an academic major. This degree guarantees junior standing at a CSU campus

allowing the student to complete their bachelor's degree within two years of transfer (EC § 66745, et seq.).

- 4) Sets, for the 2022-23, 2023-24, and 2024-25 award years, the maximum Cal Grant tuition award at \$9,220 for new recipients attending ICCUs if these institutions, as a sector, also accept the specified number of transfer students from a CCC who have ADT commitments. The 2022-23 award year enrollment target is 3,000, the amount grows to 3,500 for the 2023-24 award year and for the 2024-25 award year and each award year thereafter the target number is adjusted based on the total number of transfers accepted in prior year. The award amount is reduced should the sector fail to meet established targets. (EC § 69432 et.al.)

ANALYSIS

This bill modifies the formula for determining the amount of a Cal Grant award for a student who attends an ICCU. This bill further expands eligibility for supplemental Cal Grant programs and CCC Entitlement awards to students attending ICCUs. Specifically, it:

Modifies formula for Cal Grants for ICCU students

- 1) Modifies the formula for calculating the amount of Cal Grant awards for students attending ICCUs.
- 2) Sets the Cal Grant award amount for 2022-23, starting at \$9,220, and each award year thereafter to be equal to the award amount for new recipients from the prior award year, adjusted by an amount equal to the California Consumer Price Index (CPI) as calculated by the Department of Industrial Relations.
- 3) Conditions the Cal Grant award amount, described above in paragraph 2), on achievement of ICCUs toward the target numbers for ADT commitments that apply in existing law for the prior award year.
- 4) Eliminates ADT transfer target numbers established for certain award years.
- 5) Provides that, if the number of commitments ICCUs make to accept ADT is less than the target number, the award remains the same amount for new recipients from the prior year, instead of experiencing a reduction in the award amount as specified in existing law.
- 6) Authorizes the Director of Finance to suspend award amount adjustments for Cal Grant A awards if the Governor's budget projects a deficit for the succeeding award year.

Expands eligibility for Supplemental Cal Grants to ICCU students

- 7) Expands eligibility for Cal Grant awards designated for students with dependent child(ren) and foster youth and former foster youth award to students who attend an ICCU.

- 8) Expands eligibility for the Community College Transfer Entitlement award to students who transfer from a community college to an ICCU.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, the bill “Strengthens and expands the state’s support of low income college students who choose to attend an ICCU by 1) restructuring the existing framework for ADT admits targets and Cal Grant award amounts to provide a pathway to future award growth for students; 2) expands eligibility for supplemental Cal Grant support to student parents and foster youth who attend an ICCU and the California Community College Entitlement Program to allow newly eligible transfer students to use their remaining Cal Grant eligibility at an ICCU.

“These changes will improve affordability for low-income students and remove artificial barriers to supplemental support offered to similar students attending a public four-year university. It eliminates the glaring discrepancy on how foster students, student parents, and CCC transfer students are treated under the Cal Grant program if these students so choose an [California] independent college or university.”

The author further asserts, “The changes reflected in SB 851 will assist the state in producing the educated workforce it needs, help close the equity gap among our state’s college population, and restore California’s Master Plan that envisioned a strong role for California’s independent colleges and universities in serving students.”

- 2) ***Why increase the Cal Grant award for ICCUs?*** This bill seeks to increase and stabilize the Cal Grant award amount and expand program eligibility to ensure the continued access of students to Western Association of Schools and Colleges (WASC) accredited non-public independent California colleges and universities (ICCU). Below is a summary of information about the sector and the Cal Grant recipients the serve.
- a) ***WASC accredited non-public institutions.*** The institutions that would benefit from the provisions of this bill are generally members of the Association of Independent California Colleges and Universities (AICCU), which represents about 80 private, nonprofit, WASC accredited colleges and universities headquartered in California. These institutions include research universities, liberal arts colleges, religiously affiliated institutions, and specialized colleges and universities that focus on the arts, theater and music.

The AICCU reports that their member institutions enroll over 350,000 students, comprised of 184,468 undergraduate students and 148,676 graduate students. ICCU institutions award over 50 percent of all graduate degrees in California and approximately 20 percent of the baccalaureate degrees. The sector produces 45 percent of the teaching credentials, 27

percent of computer and information science degrees, 51 percent of nursing degrees, and 94 percent of clinical, counseling and applied psychology degrees in the state. California residents make up approximately 76 percent of the undergraduate population of ICCUs.

- b) *Who is served?* According to AICCU, Cal Grant students at their member institutions are overwhelmingly the first in their families to go to college and from historically underrepresented groups in higher education. AICCU reports that data collected over the years has consistently demonstrated that Cal Grant students graduate at a higher level than the general student population in the sector even with the barriers they confront.

According to the AICCU's survey of their member institutions, 65 percent of their Cal Grant students graduate in 4-years (similar to the 4-year rate at the UC) and 47 percent are first generation college students. Approximately 50 percent of the Cal Grant population at AICCU institutions is Latino, 20 percent Caucasian, 14 percent Asian and Pacific Islander, 6 percent African American. The sector educates about 32,000 adult learners and over 27,000 California students through the Cal Grant program. AICCU reports enrollment of new community college students annually. Based upon data from the CSAC, the average family income for Cal Grant A students is about \$50,000 and \$26,000 for Cal B Students attending a non-profit private college. Additionally, the average family income for transfer entitlement students is \$72,000 for Cal Grant A and \$21,000 Cal Grant B. The average institutional aid award to a Cal Grant student is approximately \$23,000.

- 3) ***Modifying the Cal Grant formula for ICCU students.*** In an effort to encourage participation and align ICCUs with state objectives around transfer, the 2018 budget trailer bill, AB 1809 (Committee on Budget, Chap. 33, stat. of 2018) conditioned the amount of a Cal Grant tuition award for ICCUs on reaching annual goals for accepting CCC transfer students with ADT commitments. The award amount is maintained at current levels unless target goals are not achieved. To date, ICCUs collectively have struggled to meet statutory targets. Despite this, an award reduction for new recipients did not occur rather recent budget actions delayed implementation of annual goals in order to preserve the award for students. This bill eliminates the award reduction option and instead, when the target number is not achieved, the award is held at the same level for new recipients from the prior year. Seemly, adjustments proposed in this bill could make transfer targets more attainable for ICCUs while allowing for continuous growth of acceptance targets year after year.

According to the author, the current framework to determine Cal Grant award amounts for ICCUs was developed several years ago with the Brown Administration, which was interested in seeing ICCUs adopt ADT pathways. The author asserts, that the static targets established in the framework provided no consideration for near-term shifts in higher education, and the shortcoming of this approach was best demonstrated by the impact of the global pandemic on college enrollment. In 2020, AICCU conducted a survey of institutions and found that 68 percent of responding institutions experienced a decrease in transfer

student enrollment. According to its leadership, AICCU continues to be supportive of ADT as an important transfer pathway for students, but the existing framework in the near term is not sufficient to accurately set targets in a dynamic manner that responds to broader shifts in the state and higher education. The graph below provided by the AICCU illustrates the reported ADT admissions to date, ADT initial targets that were with the original agreement, and what the targets would have been if using the calculation proposed by this bill.

Academic Year	ADT - Actual Reported	ADT Initial Targets	ADT Target - Dynamic	
			CCCCO Data Mart	IPEDS
2018-19	869	2,000	N/A	N/A
2019-20	2,372	3,000	784	1178
2020-21	2,175	3,500	2093	2360
2021-22	TBD		1972	1994

- 4) **Increases to maximum Cal Grant award.** According to AICCU, the lack of predictability and stability in the award level for Cal Grant students has adversely impacted student access to ICCUs. This bill proposes to adjust the Cal Grant tuition award at ICCUs by inflation. The LAO’s 2018-19 Budget Higher Education Analysis reported that, prior to the restructuring of the Cal Grant program in 2000, state law linked the ICCU award to both state General Fund support per CSU student and to UC/CSU tuition. The policy served as an aspirational goal against which to measure state funding. The Legislature removed these provisions as part of the Cal Grant program restructuring in 2000. Since then, the maximum tuition award for new recipients at ICCUs has fluctuated in amounts ranging between \$8,322 (2004-05) to \$9,220 (2021-22). Although stabilizing the award is important, by linking growth to inflation this proposal differs from historic practices and prior legislation that ties ICCU tuition award amounts to costs at CSU and/or UC. The LAO’s analysis recommended the state consider using a Cal Grant formula similar to what the state used over 20 years ago. The LAO analysis stated, “To improve students’ buying power and choice, we recommend the Legislature increase the Cal Grant award for students attending these [ICCUs] institutions. In setting the award amount, we recommend the Legislature use the state’s historic Cal Grant formula for private colleges.”

Ensuring that awards keep pace for students at ICCUs is important; however, should the bill move forward the author may wish to consider whether establishing a CPI metric for setting the amount of a Cal Grant award for ICCU students is the appropriate mechanism or whether using a formula that links to costs at CSU and/or UC is warranted, as proposed by the LAO in its 2018-19 Budget Higher Education analysis.

- 5) **Expanding eligibility for supplemental and entitlement awards.** Recent budget actions have expanded Cal Grant program for target populations attending public postsecondary institutions. Supplemental Cal Grant awards for students with dependent children and for current and former foster youth offer up

to \$6,000 in aid to qualifying Cal Grant A and B recipients. Additionally, the state expanded Cal Grant entitlement award eligibility to older community college students by eliminating age and time out-of-high school restrictions. Recipients of the Community College Transfer Entitlement award retain their eligibility when transferring to a CSU or UC. Neither the supplemental award program nor the CCC entitlement award is available to students who attend nonpublic institutions, including ICCUs. Alternatively, ICCU students may qualify for a transfer entitlement award or a Competitive Cal Grant award, which have different and perhaps stricter eligibility criteria.

6) ***Prior and related legislation***

AB 1746 (Medina, 2022) would make significant reforms to the Cal Grant program, the state's largest post-secondary financial aid program, including phase-out existing programs and creation of the new Cal Grant 2 Program for community college students and the Cal Grant 4 Program for students attending the University of California (UC), California State University (CSU), and eligible private institutions. AB 1746 similar to this bill would link Cal Grant 2 award increases with inflation. AB 1746 has been referred to the Assembly Committee on Higher Education.

AB 2030 (Blanca Rubio, 2020) similar to AB 1307 below, would have established a formula to determine the amount of Cal Grant awards for students attending California independent, nonprofit colleges and universities. AB 2030 was not heard by the Senate Education Committee due to the shortened 2020 Legislative calendar.

AB 1307 (Blanca Rubio, 2019) similar to this bill, would have created a new Cal Grant for California nonprofit independent intuitions of higher education. The formula was to be set and maintained at 80% of the sum of the General Fund share of the California State University (CSU) marginal cost of instruction and maximum Cal Grant award for tuition at the CSU. Unlike this bill, AB 1307 did expand eligibility to other programs. AB 1307 was vetoed by the Governor whose message read, in part:

"...While this is a worthy measure, it creates ongoing General Fund costs in the tens of millions of dollars annually, and should be considered in the annual budget process."

AB 1166 (Burke, 2017), which was held in this Committee by the request of the author, was similar in nature to this measure.

AB 831 (Bonilla, 2015), which was held on the Assembly Appropriations Suspense File, was similar in nature to this measure.

AB 1318 (Bonilla 2014), which was held by the author on the Senate Floor, was similar to this measure except that under AB 1318, students attending for-profit WASC accredited institutions would also have been eligible for the increased award amount.

SUPPORT

Association of Independent California Colleges & Universities (AICCU)
California Catholic Conference
Independent California Colleges Advocate Program
John Burton Advocates for Youth
Loyola Marymount School of Education
University of Southern California

OPPOSITION

None received

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