
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

SB 851 (Portantino) - Cal Grant Program: independent institutions of higher education

Version: February 23, 2022

Urgency: No

Hearing Date: April 4, 2022

Policy Vote: ED. 7 - 0

Mandate: No

Consultant: Lenin Del Castillo

Bill 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.

Fiscal Impact: The California Student Aid Commission (CSAC) estimates that this will would result in General Fund costs of approximately \$58.6 million over two years, with annual ongoing costs of about \$30.1 million thereafter. This estimate reflects a student transfer total of 31,253 at all ICCU campuses and cost of COLA of \$7.8 million in the first year and \$8.3 million in the second year.

Background: Existing law 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. 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.

Existing law specifies the amounts of the maximum Cal Grant A and B awards for students attending private nonprofit postsecondary institutions of higher education and private for-profit postsecondary educational institutions that are regionally accredited, as specified. Existing law 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 associate degree for transfer (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.

Proposed Law: This bill modifies the formula for calculating the amount of Cal Grant awards for students attending ICCUs. Specifically, it 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. The bill conditions the award amount on achievement of ICCUs toward the target numbers for ADT commitments that apply in existing law for the prior award year.

This bill eliminates the ADT transfer target numbers established for certain award years and 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. This bill also 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.

This bill expands eligibility for Cal Grant awards designated for students with dependent children and foster youth and former foster youth award to students who attend an ICCU, and expands eligibility for the Community College Transfer Entitlement award to students who transfer from a community college to an ICCU.

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 is pending in the Assembly.

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. 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."

Staff Comments: Currently, the maximum Cal Grant award level for CSU and UC students are linked to the cost of tuition. This is not the case nonprofit independent institutions of higher education students. Existing law sets 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 and grows to 3,500 for the 2023-24 award year. 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. This bill modifies the formula for these institutions by adjusting the existing award amount by an amount equal to the Consumer Price Index. It also provides that if the number of commitments the institutions make to accept ADT is less

than the target number, the award shall remain the same for new recipients from the prior year, rather than experiencing a reduction.

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