
THIRD READING

Bill No: AB 1400
Author: Bryan (D)
Amended: 7/5/23 in Senate
Vote: 21

SENATE EDUCATION COMMITTEE: 7-0, 6/28/23
AYES: Newman, Ochoa Bogh, Cortese, Glazer, McGuire, Smallwood-Cuevas,
Wilk

SENATE GOVERNANCE & FIN. COMMITTEE: 8-0, 7/12/23
AYES: Caballero, Seyarto, Blakespear, Dahle, Durazo, Glazer, Skinner, Wiener

SENATE APPROPRIATIONS COMMITTEE: 6-0, 9/1/23
AYES: Portantino, Ashby, Bradford, Seyarto, Wahab, Wiener
NO VOTE RECORDED: Jones

ASSEMBLY FLOOR: 76-0, 5/25/23 - See last page for vote

SUBJECT: Student financial aid: College Access Tax Credit Fund: community college student transfers: Historically Black Colleges and Universities

SOURCE: California Student Aid Commission

DIGEST: This bill re-purposes the College Access Tax Credit Fund (CATC), which was established to supplement Cal Grant awards for students enrolled at California-based colleges, to instead be used to cover college costs for California Community College (CCC) students seeking to transfer to a historically black colleges and universities (HBCU) located outside of California, as defined.

ANALYSIS:

Existing law:

- 1) Defines the term “HBCU” (specifying it as part B institutions) as a school of higher learning that was accredited and established before 1964, whose principal mission was, and is, the education of Black Americans, and that is accredited by a nationally recognized accrediting agency or association determined by the Secretary of Education to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation, except that any branch campus of a southern institution of higher education that prior to September 30, 1986, received a grant as an institution with special needs, as specified, and was formally recognized by the National Center for Education Statistics (NCES) as a HBCU, but was determined not to be a part B institution on or after October 17, 1986, shall, from July 18, 1988, be considered a part B institution (Section 322(a) of the Higher Education Act of 1965, as amended. (HEA); 20 U.S.C., § 1061)
- 2) Authorizes the HBCUs program and the Historically Black Graduate Institutions (HBGI) program, both of which award grants to eligible institutions to assist them in strengthening their academic, administrative, and fiscal capabilities. These programs are typically funded through annual discretionary appropriations. (HEA, Title III-B)
- 3) Stipulates that in order to be eligible to participate in either the HBCU or HBGI program, per 2) above, entities must meet the following requirements:
 - a) Be legally authorized by the State in which it is located.
 - b) Be at least a junior or community college.
 - c) Provide an educational program for which it awards a bachelor's degree.
 - d) Be accredited or preaccredited by a nationally recognized accrediting agency or association. (Title 34, Subtitle B, Chapter VI, Part 608, Subpart A, § 608.2(a), Code of Federal Regulations (CFR))
- 4) Lists the specific institutions of higher education that have been deemed a HBCU, per 1) above. (Title 34, Subtitle B, Chapter VI, Part 608, Subpart A, § 608.2(b), CFR)

- 5) Allows, for taxable years beginning on or after January 1, 2017, and before January 1, 2028, a CATC against the “net tax,” as specified, in an amount equal to 50% of the amount contributed by a taxpayer to the CATC Fund, as allocated and certified by the California Educational Facilities Authority (CEFA). Limits the maximum aggregate amount of credit that may be allocated and certified by CEFA to \$500 million. Provides that any unused credits may be carried forward for up to six years and creates the CATC Fund as a special fund in the State Treasury, and allocates revenues as specified. (Revenue and Taxation Code § 17053.87)

This bill repurposes the CATC Fund, which was established to supplement Cal Grant awards for students enrolled at California-based colleges, to instead be used to cover college costs for CCC students seeking to transfer to an HBCU located outside of California. Specifically, this bill:

- 1) Sunsets provisions that establish the CATC Fund for purposes of supplementing other moneys appropriated for the Cal Grant Program.
- 2) Requires that moneys allocated to the Student Aid Commission (Commission) from the CATC Fund, as prescribed, be made available for the purpose of making awards for participating students.
- 3) Authorizes, commencing with the 2024–25 award year, the Commission to make disbursements of awards for the specified allocation directly to partnered HBCUs for postsecondary costs of their participating students and requires that the awards:
 - a) Be limited to one award per participating student.
 - b) Not exceed \$5,000, as determined by the commission based on the availability of moneys allocated to the commission and the financial need of the student.
 - c) Are payable only to the extent that moneys are available from the fund.
- 4) Requires the Commission to inform each recipient that the award is a one-time grant, and in making awards, give *priority* to students with the greatest unmet financial need who do not exceed the maximum household income and asset level for an applicant for a Cal Grant B award.

- 5) Requires a participating student to file a statement of intent form stating that the student will enroll at a partnered HBCU and return to California after graduation from a partnered HBCU.
- 6) Authorizes the Commission to make disbursements in any fiscal year in which it determines there are sufficient funds and provides that if the Commission determines it would be in the best interest of the program, it can roll over moneys for disbursement in future fiscal years.
- 7) Requires, if, after making disbursements as prescribed in this bill, moneys remain in the fund, those moneys remain in the fund for allocation in future fiscal years.
- 8) Authorizes the Commission to adopt regulations for purposes of implementing and administering the bill's provisions.
- 9) Defines various terms for purposes of this bill, including:
 - a) "Fund" means the College Access Tax Credit Fund established pursuant to Section 17053.87 of the Revenue and Taxation Code.
 - b) "HBCUs" means the colleges and universities listed as "Historically Black Colleges and Universities" by the NCES.
 - c) "Participating students" means students who have completed the associate degree for transfer pathway, are enrolled at a partnering HBCU, and qualify to receive an award pursuant to this bill.
 - d) "Partnered HBCUs" means HBCUs that satisfy all of the following:
 - i) Have an associate degree for transfer memoranda of understanding on file with the chancellor's office.
 - ii) Satisfy a three-year student loan cohort default and not have a graduation rate of less than 30 percent, as specified in current law for Cal Grant eligibility.
 - iii) Are regionally accredited by an agency recognized by the United States Department of Education.

- e) “Postsecondary costs” means any costs of attendance for participating students at partnered HBCUs.
- 10) Makes various findings and declarations relating to the CATC Fund program not meeting its goal of providing meaningful award increases to Cal Grant B recipients, and this bill’s provisions would target its resources on a smaller student population, thereby facilitating substantive increases to program funded grants.
- 11) Makes conforming changes to the tax code.

Comments

Need for the bill. According to the author, “The many programs established under the California Student Aid Commission (CSAC) and by other legislation seek to provide pathways to higher education that are responsive to the unique backgrounds and barriers faced by California students, such as the California Chafee Grant for Foster Youth, the Law Enforcement Personnel Dependents Grant Program (LEPD), the California Dream Act, and others. Decades of studies show the persistent social and economic barriers Black students face resulting in overall lower academic performance and educational attainment than their peers as well as the long-term effects of lower income and less professional stability and growth. Attendance at an HBCU is one of the clear positive influences on these academic and professional outcomes for Black students. They provide culturally responsive, racially sensitive environments where they can fully engage with confidence.

“Today, in part due to changes in Federal tax law, the College Access Tax Credit (CATC) as currently structured provides only \$1.50 to each eligible student. AB 1400 would allocate this existing funding stream in a more targeted fashion, providing meaningful financial support (a \$5,000 award per eligible student) to Californians transferring from Community College to HBCUs. By refocusing this support on students committed to returning to California after graduation, we will help build a valuable educational and economic pipeline from California to HBCUs nationwide – and back to California.”

Historically Black Colleges and Universities. There are no HBCUs in California. According to NCES, HBCUs are institutions that were established prior to 1964 with the principal mission of educating Black individuals. These institutions were founded and developed in an environment of legal segregation and, by providing

access to higher education, they have contributed substantially to the progress Black Americans made in improving their status.

HBCUs include public and private institutions that vary in size and degree programs and are located primarily in the South and on the East Coast. Specifically, per the NCES, as of 2022, there are over 100 HBCUs located in 19 states, the District of Columbia, and the U.S. Virgin Islands. Of the over 100 HBCUs, at least 50 are public institutions and at least 49 are private nonprofit institutions.

Although HBCUs were originally founded to educate Black students, they enroll students of other races as well. The composition of HBCUs has changed over time. In 2020, non-Black students made up 24% of enrollment at HBCUs, compared with 15% in 1976.

California Community College Transfer Agreements. In November of 2013, the El Camino Community College District initiated a pilot program to explore the possibility of formalizing transfer pathway agreements between HBCU institutions and the CCC system, using Associate Degrees for Transfer, as the framework to support the agreements. The pilot represented the CCC system's first attempt beyond the CSU system to forge new partnerships using ADTs as articulation at the degree-level, and representative of lower-division transfer preparation fulfillment in both general education and major preparation. Before ADTs, the CCC system's relationship with HBCUs comprised of individual college efforts using traditional course-to-course articulation methods. The pilot has grown over the span of several years; the name has changed to the California Community Colleges Transfer Guarantee to HBCUs Program.

The objective of the CCC Transfer Guarantee to HBCUs Program is the development of transfer pathways that will facilitate a smooth transition for students from all of the CCC to partnered HBCUs. These pathways will simplify the transfer process and reduce students' need to take unnecessary courses, thereby shortening the time to degree completion and saving student costs.

According to the CCC Chancellor's Office, 39 HBCUs have MOUs in place with the CCC. All of these institutions are regionally accredited by an agency recognized by the United State Department of Education. While data for academic year 2022–23 is still being collected, the most recent data shows how many California students with ADTs transferred to participating HBCUs: 93 in 2019–2020, 73 in 2020–21, and 60 in 2021–2022.

The College Access Tax Credit. CATC allows taxpayers to make charitable contributions to provide financial aid to postsecondary students receiving a Cal Grant B award from the Commission. Cal Grant B eligibility is limited to in-state colleges. At its height, the program generated \$5.9 million total and provided about \$25 per student. However, after decreases to the tax credit's revenue to \$412,000 annually due to federal tax changes, the Commission reports the program provides \$1.50 per student. About 289,000 students receive a Cal Grant B. This bill grants priority to low income students who meet the income threshold set in Cal Grant B, students who exceed that limit may qualify for an award, but are last in line.

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- 1) The Commission estimates a fund shift of about \$412,000 each year from the College Access Tax Credit Fund from one purpose to another. Assuming that each student receives the full award amount of \$5,000, there would 80 students that receive an award each year. As currently structured, the grant only provides \$1.50 to each of the 289,000 Cal Grant B recipients.
- 2) The Commission estimates that any costs to administer the program would be minor and absorbable within existing resources, as it would shift staff from the administration of the prior program to the new program. However, there could be one-time General Fund costs of about \$52,000 to make changes necessary to implement the program, such as adopting regulations.

SUPPORT: (Verified 9/1/23)

California Student Aid Commission (source)
 Office of Lieutenant Governor Eleni Kounalakis
 African American Community Services Agency
 African American Male Education Network & Development
 Asian American Pacific Islander Trustee and Administrator Caucus of the
 Community College League of California
 California Community Colleges Transfer Guarantee Agreement to Historically
 Black Colleges & Universities
 California Community Colleges, Chancellor's Office
 California Faculty Association
 Campaign for College Opportunity
 Cerritos College
 Chabot Las Positas Community College District
 Citrus Community College District

CleanEarth4kids.org
College of the Desert
College of the Redwoods
Community College League of California
Cosumnes River College
County of Monterey
El Camino Community College District
Foothill-De Anza Community College District
Generation Up
Greater Sacramento Urban League
Grossmont-Cuyamaca Community College District
Imperial Community College District
Initiate Justice
Los Angeles Community College District
Mendocino Community College District
MiraCosta Community College District
Monterey Peninsula College
Mt. San Antonio College
NextGen California
Norco College
Northern California College Promise Coalition
Palomar Community College District
Pasadena Area Community College District
Public Advocates
Rio Hondo College
San Diego City College President's Office
San Diego College of Continuing Education
San Diego Community College District
San Diego Miramar College
San Jose-Evergreen Community College District
San Luis Obispo County Community College District / Cuesta College
Santa Clarita Community College District - College of the Canyons
Santa Rosa Junior College
South Orange County Community College District
Southwestern Community College District
Student Senate for California Community Colleges
The Education Trust - West
The Institute for College Access & Success

uAspire
Umoja Community Education Foundation
Yuba Community College District

OPPOSITION: (Verified 9/1/23)

None received

ASSEMBLY FLOOR: 76-0, 5/25/23

AYES: Addis, Alanis, Alvarez, Arambula, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Juan Carrillo, Wendy Carrillo, Cervantes, Chen, Connolly, Megan Dahle, Davies, Dixon, Essayli, Flora, Mike Fong, Vince Fong, Friedman, Gabriel, Gallagher, Garcia, Gipson, Grayson, Haney, Hart, Holden, Hoover, Irwin, Jackson, Jones-Sawyer, Kalra, Lackey, Lee, Low, Lowenthal, Maienschein, McCarty, McKinnor, Muratsuchi, Stephanie Nguyen, Ortega, Pacheco, Jim Patterson, Joe Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Santiago, Schiavo, Soria, Ta, Ting, Valencia, Villapudua, Waldron, Wallis, Ward, Weber, Wicks, Wilson, Wood, Zbur, Rendon

NO VOTE RECORDED: Aguiar-Curry, Mathis, Papan, Sanchez

Prepared by: Olgalilia Ramirez / ED. / (916) 651-4105
9/4/23 8:53:06

**** **END** ****