MEMORANDUM

TO: ASI Board of Directors
FROM: Annalee Akin
       UUAB Representative
       Matt Boer
       Executive Cabinet Representative
       Sam Canino
       Board Representative
       Daniela Czerny
       Board Representative
       Kyle Jordan
       UUAB Representative
       Christopher D. Lopez
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       Alice Read
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       Sarah Zerga
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DATE: February 26, 2016

COPIES: M. Maloney
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SUBJECT: Endorsement- Assembly Bill 1721 (Medina) – Student Financial Aid: Cal Grant Program

Purpose of the proposed Endorsement: The purpose of this Endorsement is to show ASI Board of Directors support of “AB 1721 – Student Financial Aid: Cal Grant Program” to members of the California State Legislature.

Background: Assembly Bill 1721 increases financial aid available to students through expanding the Cal Grant Program. This bill will increase the Cal Grant B access award maximum from $1,551 to $3,000; this amount may be adjusted in the annual Budget Act. A Cal Grant B award shall be used only for tuition, students fees, and access costs in a for credit instructional program that is not less than one academic year in length. This bill also raises the California Community College Transfer Entitlement Program age limit from 28 to 31. Additionally, under existing law, no more than a total of 25,750 Competitive Cal Grant A and B awards may be granted annually; this bill would raise that limit to 30,000. For the Academic Year of 2013-2014, at the California Polytechnic State University San Luis Obispo, 62.2% (11,184) of all undergraduates had applied for financial aid. Of that 62.2% only 62.6% (7,008) received financial aid. Of the students who received some form of financial aid only 8.2% (573) had their need fully met. This bill would increase access to an affordable college degree by increasing the aid available to students through expanding the Cal Grant Program.

Requested Action: We therefore request that the ASI Board of Directors endorse Bill H.R. 4223.
An act to amend Sections 69435, 69436, and 69437 of the Education Code, relating to student financial aid.

LEGISLATIVE COUNSEL’S DIGEST

AB 1721, as introduced, Medina. Student financial aid: Cal Grant Program.

(1) The Cal Grant Program establishes the Cal Grant A and B Entitlement awards, the California Community College Transfer Entitlement awards, the Competitive Cal Grant A and B awards, the Cal Grant C awards, and the Cal Grant T awards under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs for participating students attending qualifying institutions, as defined.

This bill would express the intent of the Legislature to renew California’s commitment to college affordability by increasing the aid available to needy students through expanding the Cal Grant Program.

(2) Under existing law, an award for access costs, as defined, under the Cal Grant B Entitlement Program is limited to no more than $1,551.

This bill would raise the amount of the maximum award for access costs under the Cal Grant B program to $3,000.

(3) Under existing law, to be eligible for an award under the California Community College Transfer Entitlement Program, an applicant may not be 28 years of age or older by December 31 of the
award year, and is required to have attended a California community college in the academic year immediately preceding the academic year for which the award will be used, among other requirements.

This bill would instead provide that an applicant for an award under the California Community College Transfer Entitlement Program may not be 31 years of age or older by December 31 of the award year, and is required to have attended a California community college no more than 3 academic years before the academic year for which the award will be used, among other requirements.

(4) Under existing law, no more than a total of 25,750 Competitive Cal Grant A and B awards may be granted annually. This bill would raise that limit to 30,000.


The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) To remain economically competitive, California will need to produce 11,900,000 degrees and credentials by 2025, but the state is only estimated to produce 9,500,000, which would create a degree and credential attainment gap of 2,400,000 by 2025.

(2) Overall, only 32 percent of students at California colleges complete credentials on time, and low-income students are much less likely than higher income students to enroll in or complete college.

(3) A major factor in a student’s enrollment and success in college is his or her ability to pay for fees and tuition, textbooks, transportation, housing, food, and other access costs.

(4) California has made an important investment in need-based financial aid for California’s college students through the Cal Grant Program and the BOG Fee Waiver Program of the Board of Governors of the California Community Colleges.

(5) The Cal Grant Program awards more than one billion five hundred million dollars ($1,500,000,000) annually, and it is the largest state grant program in the nation in terms of dollars awarded to students. The BOG Fee Waiver Program is more extensive than any other “free community college” plan in the nation, and it provides almost one-half of all students of the California
Community Colleges, and more than 60 percent of full-time
students of the California Community Colleges, with free tuition.
(6) Despite California’s strong commitment to financial aid,
access grants for qualifying students are insufficient to cover
nontuition college costs, and many low-income students are left
out of the program entirely.
(7) Students at California’s community colleges are
disproportionately more likely to be the first in their family to
attend college, come from an immigrant background, or be
financially needy.
(8) After taking into account the total cost of attendance and all
federal, state, and institutional financial aid available for students,
on average it is more expensive for a needy student to go to a
California community college than to attend the University of
California or the California State University.
(9) The affordability challenge faced by California’s community
college students stems from nontuition costs, and the solution to
that challenge is to increase grant aid that covers nontuition costs.
(10) The 1960 California Master Plan for Higher Education in
California guarantees an affordable, high-quality education to
every Californian who can benefit.
(b) It is the intent of the Legislature to renew California’s
commitment to college affordability by increasing the aid available
to needy students through expanding the Cal Grant Program.
SEC. 2. Section 69435 of the Education Code is amended to
read:
69435. (a) (1) A Cal Grant B award shall be used only for
tuition, student fees, and access costs in a for-credit instructional
program that is not less than one academic year in length.
(2) The commission, or a qualifying institution pursuant to
Article 8 (commencing with Section 69450), shall award access
grants in a student’s first academic year. In subsequent years, the
award shall include an additional amount to pay tuition or fees, or
both, to attend college at a public or private four-year college or
university or other qualifying institution for all Cal Grant B awards
pursuant to paragraph (2) of subdivision (b) of Section 66021.2.
In no event shall the total award in any year exceed the applicant’s
calculated financial need.
(3) Not more than 2 percent of new Cal Grant B recipients
enrolling for the first time in an institution of postsecondary
education shall be eligible for payments for tuition or fees, or both, in their first academic year of attendance. The commission shall adopt regulations specifying the criteria used to determine which applicants, if any, receive both tuition and fees plus the access grant in the first year of enrollment. Priority shall be given to students with the lowest expected family contribution pursuant to Section 69432.7 and the highest level of academic merit.

(b) An award for access costs under this article shall be in an annual amount not to exceed one thousand five hundred fifty-one dollars ($1,551), three thousand dollars ($3,000). This amount may be adjusted in the annual Budget Act.

SEC. 3. Section 69436 of the Education Code is amended to read:

69436. (a) A student who was not awarded a Cal Grant A or B award pursuant to Article 2 (commencing with Section 69434) or Article 3 (commencing with Section 69435) at the time of his or her high school graduation but, at the time of transfer from a California community college to a qualifying baccalaureate program, meets all of the criteria set forth in subdivision (b), shall be entitled to a Cal Grant A or B award.

(b) Any California resident transferring from a California community college to a qualifying institution that offers a baccalaureate degree is entitled to receive, and the commission, or a qualifying institution pursuant to Article 8 (commencing with Section 69450), shall award, a Cal Grant A or B award depending on the eligibility determined pursuant to subdivision (c), if all of the following criteria are met:

1. A complete official financial aid application has been submitted or postmarked pursuant to Section 69432.9, no later than the March 2 of the year immediately preceding the award year.
2. The student demonstrates financial need pursuant to Section 69433.
3. The student has earned a community college grade point average of at least 2.4 on a 4.0 scale and is eligible to transfer to a qualifying institution that offers a baccalaureate degree.
4. The student’s household has an income and asset level not exceeding the limits set forth in Section 69432.7.
5. The student is pursuing a baccalaureate degree that is offered by a qualifying institution.
(6) He or she is enrolled at least part time.
(7) The student meets the general Cal Grant eligibility requirements set forth in Article 1 (commencing with Section 69430).
(8) The student will not be 31 years of age or older by December 31 of the award year.
(9) The student graduated from a California high school or its equivalent during or after the 2000–01 academic year.
(10) (A) Except as provided for in subparagraph (B), the student attended a California community college in the academic year immediately preceding no more than three academic years before the academic year for which the award will be used.
(B) A student otherwise eligible to receive an award pursuant to this section, who attended a California community college in the 2011–12 academic year, may use the award for the 2012–13 and 2013–14 academic years.
(c) The amount and type of the award pursuant to this article shall be determined as follows:
(1) For applicants with income and assets at or under the Cal Grant A limits, the award amount shall be the amount established pursuant to Article 2 (commencing with Section 69434).
(2) For applicants with income and assets at or under the Cal Grant B limits, the award amount shall be the amount established pursuant to Article 3 (commencing with Section 69435).
(d) (1) A student meeting the requirements of paragraph (9) of subdivision (b) by means of high school graduation, rather than its equivalent, shall be required to have graduated from a California high school, unless that California resident graduated from a high school outside of California due solely to orders received from a branch of the United States Armed Forces by that student or by that student’s parent or guardian that required that student to be outside of California at the time of high school graduation.
(2) For the purposes of this article, both of the following are exempt from the requirements of subdivision (e) of Section 69433.9 and paragraph (9) of subdivision (b) of this section:
(A) A student for whom a claim under this article was paid prior to December 1, 2005.
(B) A student for whom a claim under this article for the 2004–05 award year or the 2005–06 award year was or is paid on or after December 1, 2005, but no later than October 15, 2006.
(3) (A) The commission, or a qualifying institution pursuant to Article 8 (commencing with Section 69450), shall make preliminary awards to all applicants currently eligible for an award under this article. At the time an applicant receives a preliminary award, the commission, or a qualifying institution pursuant to Article 8 (commencing with Section 69450), shall require that applicant to affirm, in writing, under penalty of perjury, that he or she meets the requirements set forth in subdivision (e) of Section 69433.9, paragraph (9) of subdivision (b) of this section, and paragraph (1) of this subdivision. The commission, or a qualifying institution pursuant to Article 8 (commencing with Section 69450), shall notify each person who receives a preliminary award under this paragraph that his or her award is subject to an audit pursuant to subparagraph (B).

(B) The commission shall select, at random, a minimum of 10 percent of the new and renewal awards made under subparagraph (A), and shall require, prior to the disbursement of Cal Grant funds to the affected postsecondary institution, that the institution verify that the recipient meets the requirements of subdivision (e) of Section 69433.9, paragraph (9) of subdivision (b) of this section, and paragraph (1) of this subdivision. An award that is audited under this paragraph and found to be valid shall not be subject to a subsequent audit.

(C) Pursuant to Section 69517.5, the commission shall seek repayment of any and all funds found to be improperly disbursed under this article.

(D) On or before November 1 of each year, the commission shall submit a report to the Legislature and the Governor including, but not necessarily limited to, both of the following:

(i) The number of awards made under this article in the preceding 12 months.

(ii) The number of new and renewal awards selected, in the preceding 12 months, for verification under subparagraph (B), and the results of that verification with respect to students at the University of California, at the California State University, at independent nonprofit institutions, and at independent for-profit institutions.

SEC. 4. Section 69437 of the Education Code is amended to read:
69437. (a) Commencing with the 2001–02 academic year, and each academic year thereafter, there shall be established the Competitive Cal Grant A and B award program for students who did not receive a Cal Grant A or B entitlement award pursuant to Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), or Article 4 (commencing with Section 69436). Awards made under this section are not entitlements. The submission of an application by a student under this section shall not entitle that student to an award. The selection of students under this article shall be determined pursuant to subdivision (c) and other relevant criteria established by the commission.

(b) Commencing with the 2015–16 academic year, a total of 25,750 up to 30,000 Cal Grant A and B awards shall be granted annually under this article on a competitive basis for applicants who meet the general eligibility criteria established in Article 1 (commencing with Section 69430) and the priorities established by the commission pursuant to subdivision (c).

(1) Fifty percent of the awards referenced in this subdivision are available to all students, including California community college students, who meet the financial need and academic requirements established pursuant to this article. A student enrolling at a qualifying baccalaureate degree granting institution shall apply by the March 2 deadline. A California community college student is eligible to apply at the March 2 or the September 2 deadline.

(2) Fifty percent of the awards referenced in this subdivision are reserved for students who will be enrolled at a California community college. The commission shall establish a second application deadline of September 2 for community college students to apply for these awards effective with the fall term or semester of the 2001–02 academic year.

(3) If any awards are not distributed pursuant to paragraphs (1) and (2) upon initial allocation of the awards under this article, the commission shall make awards to as many eligible students as possible, beginning with the students with the lowest expected family contribution and highest academic merit, consistent with the criteria adopted by the commission pursuant to subdivision (c), as practicable without exceeding an annual cumulative total of 25,750 30,000 awards.
(c) (1) On or before February 1, 2001, acting pursuant to a public hearing process that is consistent with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code), the commission shall establish selection criteria for Cal Grant A and B awards under the competitive program that give special consideration to disadvantaged students, taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper a student’s access to, and ability to persist in, postsecondary education programs. (2) Additional consideration shall be given to both of the following: (A) Students pursuing Cal Grant B awards who reestablish their grade point averages. (B) Students who did not receive awards pursuant to Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), or Article 4 (commencing with Section 69436). (d) All other students who meet the eligibility requirements pursuant to Article 1 (commencing with Section 69430) are eligible to compete for an award pursuant to this article.