

SUBCOMMITTEE NO. 1

Agenda

Senator Marty Block, Chair
Senator Benjamin Allen
Senator John M. W. Moorlach



Wednesday, February 3, 2016
1:30 p.m.
Room 3191

Consultant: Anita Lee

Assessing Community College Affordability: Financial Aid Programs, Free Community College and Options for Moving Forward

- I. **Background on Financial Aid at the California Community Colleges, and the National Movement for Community College Affordability**
 - Dan Troy, Vice Chancellor of College Finance and Facilities Planning, California Community College Chancellor's Office
 - Catalina Mistler, Division Chief, Program and Administration and Services, California Student Aid Commission
 - Paul Golaszewski, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

- II. **Looking Ahead: Options for California**
 - Morley Winograd, President, The Campaign for Free College Tuition
 - Helen Benjamin, Chancellor, Contra Costa Community College District
 - Debbie Cochrane, Research Director, The Institute for College Access and Success

- III. **Stakeholder Perspective**
 - Larry Galizio, President and CEO, Community College League of California
 - Dahlia Salem, President of the Student Senate for California Community Colleges, Student at Foothill College

Public Comment

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SUMMARY

The California Community Colleges (CCCs) is the largest system of community college education in the United States, serving approximately 2.1 million students annually. The CCC system is made up of 113 colleges operated by 72 community college districts throughout the state. California's two-year institutions provide primary programs of study and courses, in both credit and noncredit categories, which address its three primary areas of mission: education for university transfer, career technical education, and basic skills. The community colleges also offer a wide range of programs and courses to support economic development and specialized populations. As outlined in the Master Plan for Higher Education in 1960, the community colleges were designated to have an open admission policy and bear the most extensive responsibility for lower-division, undergraduate instruction.

According to a recent report by the Public Policy Institute, by 2025, California is likely to face a shortage of workers with some postsecondary education but less than a bachelor's degree. The future gap among associate degree holders, those with one- or two-year technical certificates, and anyone who attended college but did not receive a credential, may be as high as 1.5 million. In order to meet the growing workforce demands, California must ensure that higher education is accessible and affordable for all students.

Recently, President Obama proposed the America's College Promise plan to make the first two years of college tuition-free for students meeting certain criteria and academic progress. At the national level, a conversation has begun about college affordability and the importance of making college accessible to everyone. Some states, like Tennessee and Oregon, and cities across the country, are considering or have implemented tuition-free community college plans. This hearing seeks to evaluate community college affordability in California, examine existing financial aid opportunities for community college students, and review the national movement for tuition free community college and other states' Promise Programs.

6870 CALIFORNIA COMMUNITY COLLEGE

As noted above, since the creation of the junior college in 1910, California Community Colleges (CCC) have a broad mandate —to provide a post-secondary education to citizens of California, regardless of their ability to pay. To this end, community colleges in the state were initially open-access and charged no tuition or fees for attendance (State of California Master Plan 1960).

Tuition-free education ended during the 1983-1984 legislative session after a year-long budget conflict between Governor Deukmejian and the Legislature. In 1983, the Governor proposed a mandatory \$50 per semester fee for CCC students. While the Legislature fought to maintain the tuition-free status of the system, they ultimately agreed to pass a \$5 per credit fee, but clearly stated their intent that "the implementation of a mandatory fee does not impair access to, or the quality of, California Community College."

California Community College Fees. The state first instituted a \$5 credit fee at the community colleges in 1983 and, over the last 33 years, fees have increased eight times, and decreased three times. Fees have increased from \$18 per unit in 2003-04 to \$46 per unit, the current fee level, in 2012-13 as a way to mitigate General Fund cuts during the recent recession. The following chart describes the changes in fees over the last decade.

Year	Fee History
2003-04	Enrollment Fee increased to \$18 per unit
2004-05	Enrollment fee was increased to \$26 per unit
2006-07	Enrollment fee was reduced to \$20 per unit
2009-10	Enrollment fee was increased to \$26 per unit
2011-12	Enrollment fee was increased to \$36 per unit
2012-13	Enrollment fee was increased to \$46 per unit

Despite these increases in fees, in 2013-14 California has the least expensive community college tuition in the country with \$1,238 in tuition and fees for a full-time student. The most expensive community college system is New Hampshire with \$7,234 in tuition and fees. Tennessee has \$3,644 and Oregon has \$4,133 in tuition and fees.

Board of Governor's (BOG) Fee Waiver Program. In 1984, the Board of Governor's (BOG) Fee Waiver program was created to help the community college system to continue to meet its open access goals. This program waives tuition fees for financially- needy students. For the past 30 years, the BOG Fee Waiver has kept pace with tuition, making a community college education tuition-free for all financially-eligible Californians. Between 1984 and 2015, the waiver has been provided to over 5.1 million students.

The BOG Fee Waiver is available to California residents, or students who are exempt from non-resident fees under AB 540 (Firebaugh), Chapter 814, Statutes of 2001, who:

- Demonstrated financial need for a fee waiver based on the Free Application for Federal Student Aid (FAFSA), or
- Receive Temporary Assistance for Needy Families, Supplemental Security Income /State Supplementary Payment or General Assistance, or
- Have an income (based on family size) that does not exceed 150 percent of the federal poverty standard.

For the 2014-15 academic year, more than one million or 54 percent of California community college students, and 66 percent of units earned, received a BOG Fee Waiver, totaling more than \$812 million Proposition 98 General Fund in financial aid. Of the students who do not receive fee waivers, community college collected over \$406 million in fee revenue. The budget notes that the BOG anticipates waiving approximately 65 percent of the 2015-16 student enrollment fees at a state cost of approximately \$780 million Proposition 98 General Fund.

Recent Changes to the BOG Fee Waiver. Senate Bill 1456 (Lowenthal), Chapter 624, Statutes of 2012, the Student Success Act of 2012, provided authority to the BOG to establish and implement academic and progress standards for fee waiver recipients. The BOG adopted the following regulations in January 2014:

- Students lose eligibility for the BOG Fee Waiver if they are on probation for not maintaining a 2.0 GPA for two consecutive primary terms or not successfully completing half the units attempted in that period.
- Require that students be notified of their probation status within 30 days of the end of the term for which the student did not meet academic or progress standards.
- Require that districts establish and publish written policies and procedures for appeals. Specify that valid appeals include extenuating circumstances of various types, such as changes in economic situations or evidence that the student was unable to obtain essential student support services from the campus.
- Tie the appeal process to that of the Enrollment Priorities regulations so that a successful appeal of the loss of enrollment priority shall result in the restoration of fee waiver eligibility.
- Require that districts begin notification to students following the spring 2015 term and that all requirements are fully operational by fall 2016. The first loss of fee waiver eligibility shall not occur prior to fall 2016.

Full Time Student Success Grant. In addition to the BOG Fee Waiver, the 2015 Budget Act created a new grant program, the Full Time Student Success Grant, which provides additional assistance to community college students who enroll in courses full-time. The budget provided \$39 million Proposition 98 General Fund to leverage the existing Cal Grant B program (discussed below) with supplemental grant funding and an additional \$3 million was provided to assist community colleges in implementing the new grant program. Students who receive Cal Grant B Access awards will receive an additional supplemental award to help pay for non-tuition costs.

For the fall of 2015, about 50,000 awards were awarded to students, totaling \$15 million in additional grants. This means that about 50,000 received an additional \$300 per Semester or \$200 per Quarter to help pay for their total cost of attendance.

6980 CALIFORNIA STUDENT AID COMMISSION – CAL GRANT PROGRAMS

The Cal Grant program is the primary financial aid program run directly by the state. Modified in 2000 to become an entitlement award, Cal Grants are guaranteed to students who graduated from high school in 2000-01 or beyond, and meet financial, academic, and general program eligibility requirements. Administered by the California Student Aid Commission (CSAC), Cal Grant programs include:

- *Cal Grant A* high school entitlement award provides tuition fee funding for the equivalent of four full-time years at qualifying postsecondary institutions to eligible

lower and middle income high school graduates who have at least a 3.0 grade point average (GPA) on a four-point scale and apply within one year of graduation. If a student receives Cal Grant A but decides to attend a California Community College first, the award will be held in reserve for up to two years until the student transfers to a four-year college (as a Cal Grant recipient, the students community college fees will be waived through the BOG Fee waiver).

- *Cal Grant B* high school entitlement award provides funds to eligible low-income high school graduates who have at least a 2.0 GPA on a four-point scale and apply within one year of graduation. The award provides up to \$1,656 for book and living expenses for the first year and each year following, for up to four years (or equivalent of four full-time years). After the first year, the award also provides tuition fee funding at qualifying postsecondary institutions. Any student receiving a Cal Grant B at the community colleges is automatically eligible for a Board of Governor's fee waiver. Thus, Cal Grant B awards for CCC students include only the \$1,656 for costs other than tuition and fees.
- *Cal Grant Competitive Award Program* provides 25,750 Cal Grant A and B awards available to applicants who meet financial, academic, and general program eligibility requirements. The Cal Grant Competitive awards are for students who are not graduating high school seniors or recent graduates. Half of these awards are reserved for students enrolled at a community college and who met the September 2 application deadline.
- *Cal Grant C Program* provides funding for financially-eligible lower-income students preparing for occupational or technical training. The authorized number of new awards is 7,761. For new and renewal recipients, the current tuition and fee award is up to \$2,462 and the allowance for training-related costs is \$547. Any student receiving a Cal Grant C at the community colleges is automatically eligible for a Board of Governor's fee waiver. Thus, Cal Grant C awards for CCC students include only the \$547 for costs other than tuition and fees.
- *Community College Transfer Award* provides a Cal Grant A or B to eligible high school graduates who have a community college GPA of at least 2.4 on a four-point scale and transfer to a qualifying baccalaureate degree granting college or university.

**CCC Cal Grant Recipients
(Dollar Amounts in Thousands)**

	Paid Recipients		Total Amount		Average Award	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
High School Entitlement (Cal Grant B)	63,440	72,764	\$85,201	\$98,434	\$1,343	\$1,353
Competitive Cal Grant (Cal Grant B)	31,535	35,113	\$39,137	\$44,418	\$1,241	\$1,265
Cal Grant C	6,833	7,044	\$2,548	\$2,644	\$373	\$375

Cost of Attendance. The Cal Grant program's focus on tuition largely ignores the considerable living expenses that students face. The Legislative Analyst's Office (LAO) notes that the cost of attendance in California for students not living with family is higher than most other states. This is because California tends to have higher costs for housing, which is a large factor in attendance costs. Below is a description of the total cost of attendance for a California resident living away from home.

2014-15 Student Budget	San Diego Mesa City College	American River College	Butte City College
Tuition and Fees	\$1,142	\$1,104	\$1,364
Housing and Food	\$11,493	\$11,494	\$10,962
Books and Supplies	\$1,746	\$1,746	\$1,660
Transportation/ Other Expenses	\$4,149	\$4,078	\$3,614
Total Costs	\$18,530	\$18,422	\$17,600
Tuition and Fees as a Percentage of Total Cost	6.16%	5.99%	7.75%

* Data from U.S. Department of Education Institute of Education Sciences, National Center for Education Statistics

The average cost of attendance for community college students living away from home in California is \$18,444. As shown above, tuition is less than 10 percent of the total cost of attendance at various community colleges throughout the state. Despite this, Cal Grants remain largely focused on covering tuition for students. Additionally, the BOG Fee waiver only covers tuition. Only the stipend associated with the Cal Grant B program and Cal Grant C program provides some aid for living expenses, and at \$1,656 and \$547 annually, the stipend does meet total expenses. Additionally, the Full-Time Student Success Grant, helps students pay for non-tuition expenses; however, as noted above, funding for this program is limited, and for the fall of 2015, students received about \$300 per Semester or \$200 per Quarter to help pay for their total cost of attendance.

To cover living expenses, students may take out loans to help cover living expenses. According to IPEDS data, in 2014, about 40,000 CCC students borrowed federal loans, with the average loan amount of about \$5,500.

Many students must also work part-time or even full-time jobs. This can have a detrimental effect on student outcomes. Research by the American Council on Education indicates that students working more than 15 hours per week are more likely to drop out of college than those working fewer than 15 hours.

OTHER STATES AND NATIONAL MOVEMENT

America's College Promise. In January 2015, President Obama released the America's College Promise proposal to make two years of community college tuition free for students who attend at least half time, maintain a 2.5 GPA, and enroll in programs preparing them for transfer or occupational training programs with high graduation rates and industry demand. Colleges must also adopt evidence-based institutional reforms to improve student

outcomes, such as helping students pay for books and transit costs, and provide academic advising and supportive scheduling programs.

Federal funding will cover three-quarters of the average cost of community college. States that choose to participate will be expected to contribute the remaining funds necessary to eliminate community college tuition for eligible students. States that already invest more and charge students less can make smaller contributions. States must also commit to continue existing investments in higher education; coordinate with high schools, community colleges, and four-year institutions to reduce the need for remediation and repeated courses; and allocate a significant portion of funding based on performance, and not enrollment alone.

Legislation modeled after the President’s proposal, H.R. 2962 and S. 1716, are pending in Congress and Senate.

The Tennessee and Oregon Promise Programs. The President’s proposal was inspired by the Tennessee Promise Program, which have led to other states like Oregon, to follow suit. The Tennessee Promise is the only program that has taken effect, with the first cohort of students having started in the fall of 2015. The LAO chart on below describes the components the two state programs:

State-Level Tuition-Free Community College Programs ^a		
	Tennessee Promise	Oregon Promise
Start Date ^b	Fall 2015.	Fall 2016.
Minimum GPA Requirement	2.0 (college).	2.5 (high school and college).
Deadline to Enroll	Fall after high school graduation.	Within six months of high school graduation.
Required Units	At least 12 units per semester.	At least half time (six to eight units per quarter).
Eligible Institutions / Programs	Community colleges, colleges of applied technology, and associate’s degree programs at certain public and private universities.	Community college transfer, associate’s degree, and career technical education programs.
Other Requirements	Two meetings with mentor. Eight hours of community service per semester. Student must not already have an associate’s degree.	Student must not have already completed 90 or more quarter units in an eligible program.
Tuition Coverage	Generally full tuition, after taking into account all other tuition aid. ^c	Up to the average in-state tuition after taking into account all other tuition aid. Pro-rated for part-time students. Requires a \$50 copay per term.
Other Financial Aid	None.	Recipients already receiving tuition coverage may receive up to a \$1,000 stipend for living expenses.
Length of Program	Up to five semesters.	Up to 90 quarter units.
Annual Cost	\$10.6 million estimated for 2016-17.	Maximum limit of \$10 million.
Fund Sources	State lottery endowment.	General Fund.

^a For both programs, recipients must be state residents who (1) graduate from an in-state high school, (2) apply to the program, and (3) apply for financial aid. Recipients generally must maintain continuous enrollment to have eligibility renewed.

^b Date of first entering cohort of students.

^c Awards used to pay for associate’s degree programs at four-year institutions are based on average tuition and fees at community colleges.

Initial data regarding the Tennessee Promise estimates that 80 percent of high school graduates submitted applications, and about 28 percent of applicants enrolled. The Tennessee Higher Education Commission reported that the average Tennessee promise award was \$1,020, with a \$10.6 million net program cost for 2015-16. Additionally, fall enrollment at community and technical colleges increased by 23 percent, while enrollment at four-year public institutions declined by 7 percent. The net change was a ten percent increase statewide. State officials are conducting further research to understand the impact on enrollment on four-year institutions.

As noted above, the first cohort of students for the Oregon Promise program will enroll in the fall of 2016, therefore data for the program is not yet available, however approximately 4,000-6,000 students are expected to be served in the first year of the program.

The subcommittee may wish to ask:

- Does the state need a college promise program? If so, what eligibility criteria should be included, and how would it differ from the eligibility criteria in the BOG Fee Waiver and Cal Grant programs? What are the expected costs, and would it require the state to redirect resources from other community college programs?
- Would tuition free college promote access in California? If so, how much and among which type of students?
- Is tuition the most significant financial barrier to access for students? How do other attendance costs, such as housing, impact access?
- What impact will tuition free college have on completion and time to degree?