
SENATE COMMITTEE ON EDUCATION

Senator Carol Liu, Chair
2015 - 2016 Regular

Bill No: AB 1583
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Version: May 31, 2016
Urgency: No
Consultant: Kathleen Chavira
Hearing Date: June 29, 2016
Fiscal: Yes

Subject: Community colleges: enrollment fee waiver

SUMMARY

This bill statutorily establishes a criteria for determining income eligibility for a Board of Governor's fee waiver by requiring that a waiver be granted to any student who demonstrates financial need of at least one dollar.

BACKGROUND

Existing law requires the Board of Governors (BOG) to charge each student a \$46 per unit per semester fee. Existing law also requires a waiver of these fees (BOG fee waiver) for students who meet specified income requirements based on any of the following criteria:

- 1) At the time of enrollment, the student is a recipient of benefits under the Temporary Assistance for Needy Families program, the Supplemental Security Income/State Supplementary Payment Program, or a general assistance program.
- 2) Demonstrates eligibility according to income standards established by regulations of the BOG.
- 3) Demonstrates financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid. (Education Code § 76300)

ANALYSIS

This bill:

- 1) Modifies criteria for determining income eligibility for a Board off Governor's fee waiver by statutorily requiring that a waiver be granted to any student who demonstrates financial need of at least one dollar, using federal financial aid methodology.
- 2) Deletes an obsolete provision.

STAFF COMMENTS

- 1) ***Rationale for the bill.*** This bill is prompted by the national debate over President Obama's College Promise, which proposes two years of free community college for eligible students. This bill, rather than implement free community college tuition would reduce the amount of unmet need students must demonstrate in order to qualify for the BOG fee waiver program. The requirements for eligibility established by the bill would reflect a policy under which the BOG fee waiver program operated prior to 2012.
- 2) ***History.*** In 2012, citing the significant growth in the Board of Governors (BOG) fee waiver program both in the number of recipients and the dollar value (1.13 million recipients and \$410 million) the California Community College Chancellor's Office made an administrative change to the methodology for conducting a needs analysis. Up to that time a student with \$1 of need was able to qualify for the full BOG fee waiver. Because an eligible student has all enrollment fees waived regardless of the amount of financial need, students had been able to receive fee waivers in excess of their financial need. This policy was changed to ensure that awards do not exceed need and to conform the BOG fee waiver program to the standards used for other financial aid program, such as the Cal Grant.

Under the current policy, students whose financial need is less than the fees charged for full-time enrollment do not receive an award. The annual threshold for eligibility for the BOG waiver under the current policy is \$1,104. Students remain eligible for a BOG fee waiver to cover any number of units as long as they demonstrate financial need equal to or greater than this minimum. The chancellor's office estimated a loss of eligibility for about 21,000 fee waiver recipient's systemwide as a result of this change in policy.

- 3) ***Who is in/out?*** According to information provided by the Chancellor's Office, recipients at the upper end of the income spectrum were affected by the BOG fee waiver policy change. Because financial need takes into account a variety of factors, it is difficult to identify an exact income cut-off for eligibility. However, the chancellor's office provides the following examples of students who were eligible under the old policy, but were no longer eligible after the change in 2012:
 - a) A single student over the age of 24 with no children, an annual income of \$71,500 per year, and \$2,000 in savings.
 - b) A married student with one child and a combined annual income of \$100,000 and \$500 in savings.
 - c) An 18 year old student living with parents in a family of four with parental annual income of \$85,000 per year and \$12,000 in assets.
- 4) ***Is this bill necessary?*** Under current law, the Chancellor's Office has the authority to administratively set the financial need threshold for the BOG fee

waivers. The Chancellor's Office reports that prior adjustments to the policy were based upon direction and guidance from the Legislature and the Department of Finance.

In light of the system's past responsiveness, is it necessary or prudent to limit the flexibility of the Board of Governors (BOG) to adjust fee waiver policy to respond to changing fiscal conditions or legislative/administrative direction?

- 5) ***Policy trade-offs?*** According to the Chancellor's Office, of the 2.1 million California Community College students, 55 percent receive a BOG fee waiver. Since the inception of the program in 1984, more than 5.1 million students have been exempted from fees and the state has invested more than \$5 billion in the program. The Chancellor's Office also reports that in the past decade, participation in the program has grown by 86 percent and this year the program is projected to cover \$803 million in fees.

The Chancellor's Office estimates that the provisions of this bill would result in over 33,000 additional students becoming eligible for a fee waiver, at a cost of about \$23 million. Affected districts would receive additional general fund for the fee's waived for these students. However, using general fund monies for this purpose could mean a reduction in the amount of funding available for other legislative priorities.

According to the US Department of Education's College Affordability and Transparency Center, California's Community college fees are well below the national average of \$3,141 per year. In addition, in a 2016 College Affordability Diagnosis for California, the Institute for Research on Higher Education notes the community colleges have become more affordable since 2008, as the percent of family income to enroll has declined (ranking 13th nationally). The Chancellor's Office reports that many students still struggle to pay for "access" costs which make up 90 percent of the total costs of college attendance, and as a result, have focused their legislative efforts on increasing Cal Grant B access awards and increasing the number of Competitive Cal Grants.

The Committee may wish to consider:

- a) Is the provision of a benefit that exceeds a student's calculated need this Committee's highest priority for general fund apportionments to the community colleges?
- b) Would the expanded tuition relief proposed by this bill come at the expense of efforts to expand other financial aid programs to address the total cost of attendance?
- c) What would be the impact on the students with the greatest financial need?

SUPPORT

California Community College League
California Health+ Advocates
Lieutenant Governor Gavin Newsom
Western Association for College Admission Counseling

OPPOSITION

None received.

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