
SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair

2017 - 2018 Regular

Bill No:	SB 15	Hearing Date:	April 19, 2017
Author:	Leyva		
Version:	April 3, 2016		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Olgalilia Ramirez		

Subject: Student financial aid: Cal Grant C awards

SUMMARY

This bill, an urgency measure, modifies the Cal Grant C program, statutorily establishes the maximum Cal Grant C award at \$2,462 for tuition and fees and \$547 for access costs, and provides for an additional \$2,453 award for access costs to community college students. This bill also authorizes adjustment of these maximum amounts in the annual Budget Act.

BACKGROUND

Existing law:

- 1) Authorizes the Cal Grant C program, administered by California Student Aide Commission (CSAC) to assist with tuition and training costs at occupational or vocational programs of four months to two years in length. Existing law establishes the total number of Cal Grant C awards as the number awarded in the 2000-01 fiscal year (7,761) with the maximum award amount and the total amount of funding being determined in the annual Budget Act (\$2,462 for tuition and \$547 for non-tuition access costs), (Education Code § 69439)
- 2) Requires CSAC to use appropriate criteria in selecting award recipients, including family income, household size, household status, and employment status of the applicant. The CSAC is directed to give additional consideration to disadvantaged, low income, and long-term unemployed applicants. (EC § 69439 (c))
- 3) Requires CSAC to consult with appropriate state and federal agencies to develop areas of occupational and technical training for which students may utilize Cal Grant C awards. These areas of occupational and technical training are required to be regularly received and updated at least every five years, beginning in 2012. (EC § 69439 (f) (1) and (2).
- 4) Requires CSAC to give priority in granting Cal Grant C awards to students pursuing occupational or technical training in areas that meet at least two of the following criteria: high employment need, high employment salary or wage projections, and high employment growth. CSAC is required to determine areas of occupational or technical training that meet these criteria in consultation with the Employment Development Department using projections available through the Market Information Data Library. (EC § 69439 (f) (3))

- 5) Requires the Legislative Analyst's Office to submit a report to the Legislature on the outcomes of the Cal Grant C program on or before April 1, 2018, and transfers reporting responsibilities to California Student Aide Commission (CSAC) thereafter, as specified. (EC § 69439 (j)(2)and(3))
- 6) Establishes the California Community Colleges Economic and Workforce Development (EWD) Program to be implemented and administered by the Chancellor's Office of the CCC in those fiscal years for which funds are appropriated for this purpose.
- 7) Requires the Chancellor to implement performance accountability outcome measures to annually provide the Governor, Legislature, and the public with information that quantifies employer and student outcomes for program participants. (EC § 88600, § 88650)

ANALYSIS

This bill:

- 1) Modifies eligibility requirements for Cal Grant C participating occupational or technical training programs by requiring that a Cal Grant C award be utilized only for occupational or technical training courses that meet federal gainful employment standards.
- 2) Establishes the maximum annual amount of the Cal Grant C award. Specifically, it:
 - a) Statutorily establishes the maximum annual amount of the Cal Grant C for tuition and fees as \$2,462.
 - b) Statutorily establishes the maximum annual amount of the Cal Grant C award for access costs as \$ 547.
 - c) Establishes, for Community College students, an additional award for access costs not to exceed an annual amount of \$2,453. (These students do not receive the aforementioned tuition and fee award.)
- 3) Authorizes adjustment of these maximum amounts in the annual Budget Act.
- 4) Deletes provisions specifying the duties of the CSAC in determining areas or occupational or technical training that meets the criteria of the Cal Grant C award program.
- 5) Requires the Office of the Chancellor of the California Community Colleges (CCCCO) to annually provide the CSAC with eligible occupational and technical training programs.
- 6) Recasts provisions that require CSAC to give priority in granting Cal Grant C awards to students pursuing occupational or technical training in areas that meet

at least two of the following criteria: high employment need, high employment salary or wage projections, and high employment growth.

- 7) Requires California Student Aid Commission (CSAC) to do all of the following:
 - a) Using information provided by the Office of the Chancellor of the California Community Colleges, ensure that priority is given to students enrolled in a program that meets the following criteria:
 - i) high-employer demand or high-projected employment growth; and
 - ii) high-earning outcomes, or is part of a well-articulated career pathway to a job providing economic security.
 - b) Establish an application deadline of September 2 for students to apply for the Cal Grant C award effective with the fall term or semester of the 2018–19 academic year.
 - c) Publish, and maintain on its Internet Web site, a current list of the eligible and prioritized occupational and technical training programs that are in demand in each economic and workforce development region, as determined according to the information provided to the CSAC as specified.
- 8) Deletes provisions that give priority in grant Cal Grant C awards to applicants seeking to enroll in programs that rate high in graduation rates.
- 9) Requires private or independent postsecondary educational institutions that meet the definition of a “qualifying institution” as defined, to provide, at a minimum, occupational or technical training programs that meet specified conditions in order for their Cal Grant C eligible students to receive a Cal Grant C award.
- 10) Requires a postsecondary educational institution participating in the Cal Grant C program to provide CSAC with information pertaining to a student’s enrollment in an eligible or prioritized program in a timely manner, in order to facilitate the processing of awards.
- 11) Modifies the reporting requirement CSAC is statutorily required to submit to the Legislature on the outcomes of the Cal Grant C program.
- 12) Makes the bill an urgency measure in order to authorize the award amounts to be adjusted in time for the commencement of the 2017-18 award year.
- 13) Makes other technical and conforming changes.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, the take rate for the Cal Grant C program is very low and as a consequence, money which the state has budgeted for this purpose remains unused. Additionally, the author asserts that Cal Grant

C awards have significantly less value for California Community College (CCC) students who also qualify a Board of Governor's fee waiver. These students are only eligible for an award designated for non-tuition costs (\$547) and not the amount allotted for fees and tuition (\$2,462). As such, community college students receive less Cal Grant C assistance than their peers who enroll in programs offered by private colleges.

This bill seeks to increase the value of Cal Grant C for California Community College (CCC) students who pursue occupational and technical training by making \$2,453 available for non-tuition costs. This bill also aims to improve Cal Grant C participation rates by streamlining the application process for these students.

- 2) **Cal Grant C background.** Students meeting the general eligibility for the Cal Grant award may be considered for the Cal Grant C. There is no high school graduation requirement, minimum grade point average or maximum age for recipients. However, students must be California residents, have United States or eligible noncitizen status, complete US selective service requirements, enroll at least half-time at an eligible California institution, maintain satisfactory academic progress (defined by the institution) once enrolled, meet family income and asset ceilings, and not be in default on any student loan or owe any federal or state grant refund.

In 2015-16, the maximum annual award was \$547 for training related non-tuition costs and up to \$2,462 more for tuition and fees for attendance at an institution other than a CCC. Funding is available for up to two years, depending on the length of the program. To qualify, a student must enroll in an occupational, technical, or vocational program that is at least four months long at a CCC, an independent college, or a vocational/career school.

According to the 2013-14 report on Cal Grant awardees prepared by the California Student Aid Commission (CSAC), almost 82 percent of Cal Grant C awardees are independent students. About 68 percent earned less than \$18,000 annually, and more than 85 percent earned less than \$30,000 annually. Almost half are over age 30.

- 3) **Who receives a Cal Grant C?** According to a recent Legislative Analyst's Office report, the CCC system is the primary destination of Cal Grant C recipients, typically serving between 60 percent and 70 percent of all grantees. The report also confirms that because of the Board of Governor's fee waiver program, students attending community colleges are only eligible to receive the smaller grant (\$547) for access costs (i.e. books and supplies). Although the vast majority of students who receive the Cal Grant C are enrolled in community college programs, in 2014-15 almost 40 percent of the total funds awarded are paid to students enrolled in vocational for-profit programs.
- 4) **Impact of Cal Grant C award changes?** As noted, the typical Cal Grant C award for CCC students is \$547 for costs other than tuition and fees. Although SB 1028 (Jackson, Chapter 692, Statutes of 2014) expanded the allowable use of the Cal Grant C to include living expenses, the CCC reports that the

Department of Finance and the CSAC do not believe that the language expands the allowable grant amount to community college students. According to the California Student Aid Commission (CSAC), "non-tuition" costs exceed \$18,000 annually for California Community College (CCC) students living independently. By maximizing the Cal Grant C aid available, this bill would provide much needed additional aid to help more community college students complete their Career Technical Education programs.

- 5) **Low participation rates.** Qualifying applicants who complete and returned a Cal Grant C Supplement form compete for 7,761 Cal Grant C awards. According to CSAC, in 2015-16 Cal Grant C supplements were sent to approximately 60,000 students potentially eligible for Cal Grant C awards. However, CSAC received only a 15 percent response rate with only 9,007 Cal Grant C supplements returned. Additionally, in 2015-16, 8,515 awards were offered, of which 4,427 (57 percent) were ultimately paid. As such, nearly half 43 percent of the Cal Grants C awarded were left on the table.

Concerns have been raised that the resulting low participation rates can be attributed to low award amounts, fewer college choices as a result of school closures or the supplemental application which can prolong the award process. SB 1028 (Jackson, Chapter 627, Statutes of 2014) authorized the CSAC to prioritize applicant's pursuing training in occupations that meet strategic workforce needs, those from economically disadvantage backgrounds and long-term unemployed. In order to determine an applicant's eligibility for a Cal Grant C, additional information must be provided on the Cal Grant C Supplement form.

This bill seeks to eliminate the need for a supplemental form by requiring postsecondary institutions to report information pertaining to a student's enrollment in an eligible or prioritized program directly to CSAC.

- 6) **Data exchange.** This bill would simplify the administrative process by requiring data to be exchanged between CSAC and the California Community College Chancellor's Office (CCCCO). The current process requires CSAC to consult with appropriate state and federal agencies to develop areas of occupational and technical training for which students may utilize Cal Grant C awards. These agencies include the Employment Development Department, CCCCCO, and the California Workforce Investment Board. This bill would instead require the CCCCCO to annually provide CSAC with a list of eligible programs. According to the CCCCCO, it collects criteria pertaining to regional workforce needs and high growth sectors under its Economic and Workforce Development division. Enactment of these provisions reduces duplicative data collection by two state entities associated with workforce development programs and eases the overall administrative burden for CSAC that may have otherwise prolonged processing of awards.
- 7) **Gainful employment regulation background.** To qualify for federal student aid, federal law requires that most for-profit programs and certificate programs at private non-profit and public institutions prepare students for "gainful employment in a recognized occupation." The regulations distinguish programs that provide affordable training that lead to well-paying jobs from programs that leave

students with poor earnings prospects and high amounts of debt. The regulations support greater accountability for colleges by requiring institutions to provide key information on program costs, whether students graduate, how much they earn, and how much debt they may accumulate. These required standard disclosures are intended to empower students to compare across career college programs when searching for and selecting a program.

This bill would require all Cal Grant C participating occupational or technical training programs to meet these federal gainful employment standards. According to the Community College Chancellor's Office each occupational and vocational program offered by its colleges meet these standards. Presumably, other institutions that qualify for federal aid programs are also in compliance and are less likely to be impacted by the change. It's unclear whether any institution would be disqualified as a result of the proposed requirement.

- 8) **Amendments.** Consistent with the author's request, **staff recommends** the bill be amended to clarify that the criteria for identifying which occupational and technical training programs should be prioritized based on information for each economic and workforce development region provided by the California Community College Chancellor's Office.

Additionally, for consistency purposes **staff recommends** the following technical amendment:

- 69439. (C) An additional ~~access~~ award *for access* not to exceed an annual amount of two thousand four hundred fifty-three dollars (\$2,453) shall be provided to community college students.

SUPPORT

California Community College Association for Occupational Education
 California Edge Coalition
 California Hospital Association
 Community College League of California
 Faculty Association of California Community Colleges
 Young Invincibles

OPPOSITION

None received.

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