

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** 07/03/2017  
**POSITION:** Oppose

**BILL NUMBER:** AB 19  
**AUTHOR:** Santiago, Miguel

**BILL SUMMARY: Community colleges: enrollment fee waiver.**

This bill enables community college districts to waive the \$46 per unit fee for all first-time resident students enrolled in 12 units or more per semester during their first year, irrespective of a student’s financial need, if certain conditions are first met. These conditions include: (1) districts partnering with one or more school districts to expand students' college preparation, (2) utilizing evidence-based placement and student assessment indicators, (3) providing students with access to courses, including priority registration, and (4) providing outreach to students regarding Associate Degrees for Transfers and the California Community College Entitlement Cal Grant Program.

**FISCAL SUMMARY**

This bill reduces overall funding for community college districts in the range of \$30 to \$50 million by: (1) reducing student fee revenues, which are revenues provided to community college districts beyond those provided pursuant to the requirements of the Proposition 98 Guarantee; and (2) backfilling the forgone fee revenue with Proposition 98 General Fund, which reduces overall available resources for other community college funding priorities within the Proposition 98 Guarantee.

Assuming all districts participate, the lower range of these costs are based on California Community Colleges Chancellor's Office estimates of the number of resident students enrolled in 2014-15 who met the requirements of this bill and did not receive a fee waiver. The higher estimate includes additional students that are not included in the Chancellor's Office estimate but that could be eligible for a fee waiver under the bill because the students are already exempt from nonresident tuition, such as undocumented resident students and qualifying military veterans.

To the extent that this bill results in additional students enrolling at the community colleges, this bill would create Proposition 98 General Fund cost pressures from the tens of millions to low hundreds of millions to support increased enrollment demand.

**SUMMARY OF CHANGES**

Amendments to this bill since our analysis of the March 30, 2017 version include the following significant amendments which do not change our position:

- The bill requires community college districts, as a condition of participating in the expanded fee waiver program, to partner with one or more school districts and one or more California State University or University of California campus to establish or expand a program that includes specific practices and principles related to student preparation, evidence-based placement and student assessment indicators, completion of degrees, and improving transfer to four-year postsecondary institutions.
- The bill requires students to complete and submit either a Free Application for Federal Student Aid or a California Dream Act application to be eligible for a fee waiver.

Analyst/Principal (0361) C.Ferguson	Date	Program Budget Manager Jeff Bell	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

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**SUMMARY OF CHANGES** (continued)

- The bill specifies that all districts are eligible for state funds to support the implementation of fee waivers, including basic aid district.

**COMMENTS**

Despite the laudable practices and principles required of participating districts, Finance opposes this bill for the following reasons:

- It expands financial aid to students without a demonstrated financial need, which is inconsistent with the Administration's effort to target financial aid to the state's neediest students.
- It creates significant new and ongoing Proposition 98 General Fund costs that are not included in the Budget Act of 2017.

The author's office indicates that the proposed fee waiver expansion would incent more individuals to enroll in the community college and attend college full-time, expand access to financial aid, reduce the time it takes students to complete their credentials and/or degrees, promote equity, and improve academic performance.

Existing law requires the governing board of each community college district to charge each student a fee of \$46 dollars per unit for community colleges on a semester structure, or \$31 dollars per unit for community colleges using a quarter structure. In general, community college districts are required to waive enrollment fees for a student that is considered a California resident who: (1) demonstrates financial need; (2) receives Temporary Assistance for Needy Families, Supplemental Security Income/State Supplementary Payment, or General Assistance benefits; (3) has an income below specific standards; or (4) is a homeless youth. Students must maintain minimum academic and progress requirements to maintain a fee waiver.

In 2015-16 community colleges served approximately 2.1 million students with roughly one million students, or roughly 50 percent of all students, qualifying for a student fee waiver. Most of these qualifying students receive few waivers because they are below particular income standards. Specifically, a student or student's family must have a total income in the prior year that is equal to or less than 150 percent of the federal poverty guidelines to qualify for a fee waiver based on income. For example, the annual income threshold for a family of four is currently \$36,375.

Of the roughly 142,000 first-time students who attempted at least 12 units in any given term during the 2014-15 academic year, 88,000 of these students qualified to receive a fee waiver.

For students enrolled in college participating in the expanded fee waiver program, this bill extends the fee waiver to all first-time students enrolled in at least 12 units regardless of the existing financial requirements to qualify for a fee waiver. A student who is charged a nonresident tuition fee would not be eligible for the fee waiver.

Many colleges have "promise programs" that offer free tuition to college students. For example, the Long Beach Promise provides participating students with a tuition-free year at Long Beach City College. However, the program is only offered to local high school graduates who immediately enroll in Long Beach City College after graduation. This bill would extend a tuition-free year to any individual, regardless of when he or she graduated high school.

**BILL ANALYSIS--(CONTINUED)**

**AUTHOR**

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Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	(Fiscal Impact by Fiscal Year)			Fund Code
				2017-2018	2018-2019	2019-2020	
				FC	FC	FC	
6870/Comm College	SO	Yes	C	30,000-50,000	C 30,000-50,000	C 30,000-50,000	0001