<table>
<thead>
<tr>
<th>District</th>
<th>College</th>
<th>MOE</th>
<th>SFAA Base (S/91)</th>
<th>SFAA Capacity</th>
<th>SFAA total</th>
<th>REAP 2%</th>
<th>SFAA Base (S/91) P-1 adjustment</th>
<th>SFAA Capacity P-1 adjustment</th>
<th>SFAA total P-1 adjustment</th>
<th>REAP 2% P-1</th>
<th>SFAA Base (S/91) P-2 adjustment</th>
<th>SFAA Capacity P-2 adjustment</th>
<th>SFAA total P-2 adjustment</th>
<th>REAP 2% P-2</th>
<th>SFAA Base (S/91) P-2</th>
<th>SFAA Capacity P-2</th>
<th>SFAA total P-2</th>
<th>REAP 2% P-2</th>
<th>SFAA Total P-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>District</td>
<td>College</td>
<td>MOE</td>
<td>SFAA Base (S91)</td>
<td>SFAA Capacity</td>
<td>SFAA total</td>
<td>BFAP 2%</td>
<td>SFAA Base (S91) P-1 adjustment</td>
<td>SFAA Capacity P-1 Adjustment</td>
<td>SFAA total P-1</td>
<td>BFAP 2% P-1</td>
<td>SFAA Base (S91) P-2 adjustment</td>
<td>SFAA Capacity P-2 Adjustment</td>
<td>SFAA total P-2</td>
<td>BFAP 2% P-2</td>
<td>BFAP 2% P-2 Adjustment</td>
<td>SFAA Base (S91) P-2</td>
<td>SFAA Capacity P-2</td>
<td>SFAA total P-2</td>
<td>SFAA Total P-2</td>
</tr>
<tr>
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</tr>
</tbody>
</table>
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April 2013

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BILL & MELINDA GATES FOUNDATION
Lumina Foundation
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Funding from the Bill & Melinda Gates Foundation and Lumina Foundation made the Rethinking Pell Grants project possible. The College Board convened the Study Group and provided generous support. In particular, the staff of the College Board’s Advocacy & Policy Center made invaluable contributions. The Study Group is grateful for the Foundations’ and the College Board’s commitment to our work. The views expressed in this report are those of the Study Group and do not reflect the positions or policies of any of the sponsors.

Charles Kurose, a consultant to the College Board, staffed the group, was responsible for much of the data analysis and research, and was indispensable to our work.

Kim Reuben and the staff of the Urban-Brookings Tax Policy Center modeled our proposals, generating estimates of their costs and distributional impacts. Jennifer Ma, consultant to the College Board, made important contributions to this work.

Anna Cielinski, formerly a graduate student at Georgetown University, conducted background research on labor force development programs for the Study Group. CLASP staff members gave generously of their time and provided useful information. Kathleen Payea also provided research support.

The proposals in this report reflect the views of the Study Group alone, but we had conversations with many people whose ideas contributed to our thinking. Our recommendations emerged from several meetings over the course of almost two years. We learned from each other, modified our views, and found much common ground. We are grateful to have had the opportunity to work together to develop these ideas that we hope will influence the direction of public policy.

A summary of this report, Rethinking Pell Grants in Brief, can be found at http://advocacy.collegeboard.org/college-affordability-financial-aid/rethinking-pell-grants.
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Introduction

Forty years after Congress established Pell Grants (originally named Basic Educational Opportunity Grants), the program is widely recognized as bringing postsecondary education into reach for many low- and moderate-income students. Yet even with a highly visible national agenda of increasing the number of adults in the United States with college credentials, concerns about the future of this core program are growing. The sharp increase in total Pell expenditures during the recent economic crisis focused attention on the program as a potential area for budget savings, while disappointing completion rates among those who enroll in college have led to questions about whether the program uses taxpayer dollars as effectively as it might.

This report presents the recommendations of the Rethinking Pell Grants Study Group for strengthening the Pell Grant program and increasing the benefits it provides both to students and to society as a whole. The Study Group includes academic researchers with expertise in higher education finance, student aid, and workforce development; college administrators; and policy analysts. We share a concern for increasing meaningful educational opportunities that improve the lives of young people from disadvantaged backgrounds and of adults seeking satisfying and remunerative careers. We also recognize the importance of using limited government funds in an efficient and fair manner. We believe that a strong and effective federal Pell Grant program is vital to achieving these goals.

Convened by the College Board and funded by the Bill & Melinda Gates Foundation and Lumina Foundation, the Study Group focused on designing a system that would use available funding as effectively as possible. We do not address the question of the optimal level of funding for the program. We believe the time is right to review the entire structure and operation of the Pell Grant program to ensure that taxpayer dollars support postsecondary students in a way that maximizes educational attainment and provides the greatest benefit to the larger society. Hasty and politically expedient cuts have the potential not just to interfere with progress toward the nation’s educational goals, but also to undo the impressive accomplishments of this landmark program over the past 40 years. Equally, spending more on the Pell program without a clear idea of how to use additional funds to best advantage is shortsighted. It is time for a more thoughtful and comprehensive approach.

After providing a brief description of the current environment for Pell Grants and the evidence supporting the need for reform, this report summarizes the problems our recommendations are intended to address and then details the components of our proposed Pell Grant program.

We outline the following proposals designed to improve the program for young people growing up in low- and moderate-income families, while also better serving older adults returning to school to improve their labor market opportunities:

• A Pell Grant program that is easier for students and families to understand and access;

• A program of federally funded education accounts designed to provide children growing up in disadvantaged families with supplemental resources and their families with early information about financing postsecondary education;

• A new approach to tailoring Pell Grants to the needs of older students, many of whom are seeking specific occupational education that is frequently of shorter duration than a bachelor’s degree, and for whom the current method of determining financial need is unreliable and inaccurate;

• A program of institutional funding designed to support and provide incentives for the successful education and degree completion of Pell Grant recipients.
In addition, we describe how improved attention to program design and better coordination of the components of the financial aid system of which Pell Grants are a core part could make federal financial aid more effective for students and more sensitive to larger and emerging issues in higher education finance.

Why Now?

In 1976-77, its fourth year, the Pell Grant program had reached maturity and provided $5.8 billion in grants averaging about $3,000 (in 2011 dollars) to 1.9 million college students. For just over 60 percent of these students, eligibility was based on the financial circumstances of their parents, who were deemed unable to provide the support necessary to make college a reasonable possibility for their children (Table 1).

The program grew gradually to provide $18.8 billion in grants (in 2011 dollars) averaging $3,052 to 6.2 million students in 2008-09. About 60 percent of the recipients were considered independent of their parents and did not have the resources to pay for their own education or training.

By 2011-12, as a result of a combination of circumstances arising out of the extreme economic downturn, 9.4 million students (37 percent of all undergraduates) received $34.5 billion in Pell Grants averaging $3,685. Legislation in 2009 made the program provisions more generous at the same time that millions of families saw their incomes declining and their savings disappearing. In addition, many workers found their labor market opportunities limited and returned to school to improve their skills.

None of these circumstances represented sharp changes in long-term trends, but they coincided with mounting determination to reduce the federal deficit, with particular pressures on the small part of the budget not dedicated to defense, Social Security, Medicare, and interest on the national debt. The Pell Grant program cannot escape increased scrutiny under these conditions.

Table 1: Pell Grants over Time: Recipients, Total Expenditures and Average Award in 2011 Dollars, and Dependency Status of Recipients

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Recipients (000s)</th>
<th>Total Expenditures (millions of 2011 dollars)</th>
<th>Average Grant (in 2011 dollars)</th>
<th>% Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74</td>
<td>176</td>
<td>$243</td>
<td>$1,381</td>
<td>13.3%</td>
</tr>
<tr>
<td>1976-77</td>
<td>1,944</td>
<td>$5,838</td>
<td>$3,003</td>
<td>38.3%</td>
</tr>
<tr>
<td>1981-82</td>
<td>2,709</td>
<td>$5,672</td>
<td>$2,094</td>
<td>41.9%</td>
</tr>
<tr>
<td>1986-87</td>
<td>2,660</td>
<td>$7,139</td>
<td>$2,684</td>
<td>53.9%</td>
</tr>
<tr>
<td>1991-92</td>
<td>3,786</td>
<td>$9,609</td>
<td>$2,538</td>
<td>61.5%</td>
</tr>
<tr>
<td>1996-97</td>
<td>3,666</td>
<td>$8,317</td>
<td>$2,269</td>
<td>57.6%</td>
</tr>
<tr>
<td>2001-02</td>
<td>4,341</td>
<td>$12,696</td>
<td>$2,925</td>
<td>57.1%</td>
</tr>
<tr>
<td>2006-07</td>
<td>5,165</td>
<td>$14,230</td>
<td>$2,755</td>
<td>58.4%</td>
</tr>
<tr>
<td>2007-08</td>
<td>5,543</td>
<td>$15,918</td>
<td>$2,872</td>
<td>57.8%</td>
</tr>
<tr>
<td>2008-09</td>
<td>6,156</td>
<td>$18,786</td>
<td>$3,052</td>
<td>59.0%</td>
</tr>
<tr>
<td>2009-10</td>
<td>8,094</td>
<td>$31,465</td>
<td>$3,887</td>
<td>60.5%</td>
</tr>
<tr>
<td>2010-11</td>
<td>9,308</td>
<td>$36,972</td>
<td>$3,972</td>
<td>59.6%</td>
</tr>
<tr>
<td>2011-12</td>
<td>9,371</td>
<td>$34,532</td>
<td>$3,685</td>
<td>—</td>
</tr>
</tbody>
</table>

Note. Table 1 was created using data from Trends in Student Aid 2012.
Access and Success

It is time to rethink the Pell Grant program so that it continues to emphasize the provision of funds to those for whom access to postsecondary education requires public subsidy, while ensuring that it does as much as possible to support the success of these students in meeting their educational goals. When the program was developed in the early 1970s, the central idea was simply to provide the funds disadvantaged students needed to make it possible for them to enroll in college. In the intervening years, the share of recent high school graduates enrolling in college has increased from 49 percent in 1972 to 68 percent in 2010 (National Center for Education Statistics [NCES] 2012). However, significant enrollment gaps remain among students from different socioeconomic backgrounds, and the gaps in completion rates are even larger.

With 26 percent of all students who began their studies in 2006 at ages 24 and younger and 44 percent of those who began at a later age having left school without a credential six years later (and even lower completion rates among low-income students), it is important to ask whether a redesigned Pell Grant program could make a difference in those outcomes (Shapiro, Dundar, Chen, Ziskin, Park, Torres, & Chiang, 2012).

Why Change a Program that Works?

There is no doubt that many students view Pell Grants as having made college possible for them. Furthermore, there is no doubt that if the program were cut significantly, many students would be forced to reconsider their college plans. But the evident value of the program does not obviate the need to examine it carefully, to ask whether a program designed 40 years ago is structured in the best way for today’s population, and to seek ways to increase the return on this critical investment.

Key issues include:

• The Pell Grant program is expected to serve multiple populations with very different educational and career goals. The percentage of Pell Grant recipients who are over the age of 24 doubled, from 22 percent in 1980, to 44 percent in 2010. Since 1990, about 60 percent of Pell Grant recipients have been considered financially independent, with their parents’ circumstances not relevant to their Pell eligibility (U.S. Department of Education, 2012a).

Dependent and Independent Students

The current Pell Grant allocation system relies on the Federal Methodology for determination of student and family ability to pay for education. For dependent students, ability to pay is calculated based on information about the financial circumstances of both the student and the student’s parents, as reported on the Free Application for Federal Student Aid (FAFSA). For independent students, the calculation is based on the financial circumstances of the student and, if applicable, the student’s spouse. The financial circumstances of the student’s parents are not considered.

Age 24 is a dividing line for dependency determination — and for considering parents’ financial circumstances in the awarding of Pell Grants and other federal student aid.

Students are considered independent if they:

• Turn 24 before January 1 of the academic year for which they are seeking aid;
• Are married;
• Are graduate students;
• Are on active military duty or are veterans of the U.S. Armed Forces;
• Have children or other dependents who receive more than half of their support from them;
• Are or have been orphans, foster children, or wards of the court; or
• Are emancipated minors or unaccompanied homeless youth.
• **Student success rates are too low.** The Pell Grant program was designed to make it possible for low-income students to pay for college, without meaningful attention given to supporting student success. Modifying the Pell program may not be the most important step for assuring that more of the students who start college complete degrees or certificates, but it has the potential to change both institutional structures and student behaviors in ways that improve outcomes.

• **Limited resources and political pressures increase the urgency of thoughtful policy reform.** Budget-cutting pressures have led to piecemeal changes to the Pell program. This process is likely to continue in the absence of thoughtful, evidence-based proposals for assuring that the good work of the Pell Grant program is maintained and the program’s challenges are addressed.

• **The federal student aid system is unnecessarily complex.** Applying for aid is difficult and awards are unpredictable. A simpler application process and a more transparent system could enhance student access, increase students’ awareness of their options, and increase attainment.

• **Too many students lack the information and guidance needed to make the best choices about what and where to study.** The Pell Grant program is designed as a simple voucher program, providing students with funding that can be used in a wide array of programs and institutions. This flexibility works well for many students, but an effective system requires adequate information about differences across programs and prospects for success. The current system leaves too many students without access to effective advising and with little to show for their investments of time and money. This problem is particularly severe for older students who have been away from the educational system for many years.

• **Pell is not well coordinated with other federal and state subsidy programs.** While the Pell Grant program is the primary college financial aid program for low-income students, it is part of a larger landscape of programs designed to target the needs of disadvantaged populations. Pell Grants will never be enough by themselves to meet all of the financial needs of students, particularly those of older students with family responsibilities and few resources. It is important that students have the necessary information about other funding sources, that they not face legal or bureaucratic barriers to participating in federal or state income support programs, and that these alternative funding sources not have conflicting eligibility requirements making it more difficult than necessary for students to access the funds they require.

• **The system for determining financial need for the Pell Grant program is particularly unsatisfactory for older students.** Older students seeking labor force skills have come to depend on the Pell Grant program as their most reliable source of funding. However, allocating Pell Grant dollars on the basis of the previous year’s income is not the best way to judge financial need or ensure student success for this population.

• **The diversity of students and their educational goals has increased substantially, reducing the probability that one program can adequately serve the needs of all recipients.** The founders could not have known either how the balance among students seeking various forms of postsecondary education would shift over time, or how the educational requirements of the labor force would change. As more and more jobs require some form of postsecondary education, as funding for job training fails to keep up with the needs of workers and employers, and as more students without strong academic backgrounds continue their education beyond high school, there is good reason to reconsider whether today’s students are as well served as they should be by the program designed 40 years ago.
Who Relies on Pell Grants?

As shown in Tables 2 and 3, Pell Grants serve multiple populations with different characteristics, needs, and goals. In 2010-11:

- 44 percent of Pell Grant recipients were ages 25 and older, including 25 percent who were over the age of 30.
- Almost 60 percent were independent students, including 38 percent who had dependents of their own.
- Almost one-quarter of Pell Grant recipients were enrolled in for-profit institutions, while another 36 percent attended public two-year colleges.

Table 2:
Distribution of Pell Grant Recipients by Age, Dependency Status, and Sector, 2010-11

<table>
<thead>
<tr>
<th>Age</th>
<th>Full-time</th>
<th>Part-time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 and Younger</td>
<td>23%</td>
<td>5%</td>
<td>28%</td>
</tr>
<tr>
<td>20–24</td>
<td>27%</td>
<td>9%</td>
<td>36%</td>
</tr>
<tr>
<td>25–30</td>
<td>10%</td>
<td>2%</td>
<td>12%</td>
</tr>
<tr>
<td>Over 30</td>
<td>17%</td>
<td>6%</td>
<td>23%</td>
</tr>
<tr>
<td>Total</td>
<td>78%</td>
<td>22%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sector and Full-Time/Part-Time</th>
<th>Full-time</th>
<th>Part-time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Four-Year</td>
<td>23%</td>
<td>5%</td>
<td>28%</td>
</tr>
<tr>
<td>Public Two-Year</td>
<td>27%</td>
<td>9%</td>
<td>36%</td>
</tr>
<tr>
<td>Private Nonprofit Four-Year</td>
<td>10%</td>
<td>2%</td>
<td>12%</td>
</tr>
<tr>
<td>For-profit</td>
<td>17%</td>
<td>6%</td>
<td>23%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>78%</td>
<td>22%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note. Components may not sum to totals because of rounding. Table 2 was created using data from the Federal Pell Grant Program End of Year Report 2010–2011, Tables 2-A, 11, and 13 (U.S. Department of Education, 2012b). Calculations by the authors.

As shown in Table 3, in 2007-08, 34 percent of Pell Grant recipients ages 25 and older were enrolled in certificate or technical associate degree programs, compared to 22 percent of younger students. The difference is even greater for undergraduate students as a whole. The majority of undergraduates — and of Pell Grant recipients — ages 24 and younger are enrolled in bachelor’s degree programs, but this is true for only about a third of those ages 25 and older.

Table 3:
Distribution of All Undergraduates and Pell Grant Recipients by Program Type, 2007-08

<table>
<thead>
<tr>
<th>All Students</th>
<th>Not in a Credential Program</th>
<th>Certificate</th>
<th>Technical Associate</th>
<th>General Associate</th>
<th>Bachelor’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 and Younger</td>
<td>4%</td>
<td>5%</td>
<td>10%</td>
<td>26%</td>
<td>55%</td>
</tr>
<tr>
<td>25 and Older</td>
<td>9%</td>
<td>11%</td>
<td>19%</td>
<td>29%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Pell Recipients

<table>
<thead>
<tr>
<th>Not in a Credential Program</th>
<th>Certificate</th>
<th>Technical Associate</th>
<th>General Associate</th>
<th>Bachelor’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 and Younger</td>
<td>2%</td>
<td>9%</td>
<td>13%</td>
<td>24%</td>
</tr>
<tr>
<td>25 and Older</td>
<td>2%</td>
<td>13%</td>
<td>21%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Note. Percentages may not sum to 100 because of rounding. Table 3 was created using data from the National Postsecondary Student Aid Study (NCES, 2008). Calculations by the authors.
Despite the explicit coverage in the original legislation of programs of occupational education and students enrolled part-time at all types of institutions, including community colleges and for-profit institutions, both the determination of program eligibility and the basic program itself were developed with a focus on the needs and characteristics of young people seeking general education (Gladieux & Wolanin, 1976, p. 226). One of the goals of the recommendations put forth in this report is to modify the Pell Grant program to better serve all of the students who rely on it.

1. The 1972 Higher Education Amendments purposely expanded the definition of postsecondary education to include career and technical education. According to the Senate Labor and Public Welfare Committee, “There is a new kind of diversity which the committee believes ought to be encouraged... (T)he federal approach to postsecondary education ought to be broad enough to encompass the entire spectrum of options for students” — including technical training and career-oriented programs (Gladieux & Wolanin, 1976, p. 109).
The Recommendations of the Rethinking Pell Grants Study Group

This report describes detailed proposals for improving the effectiveness of the Pell Grant program. A summary of the recommendations can be found in the Rethinking Pell Grants policy brief at http://advocacy.collegeboard.org/college-affordability-financial-aid/rethinking-pell-grants.

The Rethinking Pell Grants Study Group includes a number of researchers who have spent many years studying student aid, student success, and workforce development. The proposals that follow are grounded in our collective judgment based on the existing evidence about what makes student aid programs effective. However, there is much to learn and we urge the federal government to support and carefully evaluate pilot programs as new approaches to student aid are developed, increasing the evidence base available to strengthen the system.

One Program: Two Paths

To best serve all recipients, from young high school graduates enrolling in bachelor’s degree programs to older adults seeking short-term labor market preparation, the Pell Grant program should be restructured to eliminate the constraints of a one-size-fits-all program. The program should be divided into two components: Pell Y, serving young people through the age of 24, and Pell A, serving older adults returning to school.

It is easy to see that the circumstances of 18-year-old high school graduates beginning their bachelor’s degree programs at four-year residential colleges are quite different from the circumstances of 30-year-old single parents seeking short-term occupational certificates in order to find jobs paying a living wage. Assessing their ability to pay for education requires different information, and advising them about appropriate educational paths would involve very different judgments even if they had the same capacities and educational backgrounds. That there is a continuum of students between these examples does not diminish the need to differentiate, but it does make drawing lines more difficult.

Although there is no perfect answer, we propose differentiating between younger students and those over the age of 24. The current student aid system draws a line at age 24 for purposes of determining financial need, relying on information about parents’ income and assets for younger students, but treating older students as financially independent. Extending the logic of using age to differentiate among student needs and eligibility has the potential to improve Pell’s ability to serve all students well. An added advantage of proposing different program eligibility criteria for older and younger students, rather than seeking other criteria for categorizing students, is that the age line is a simple one to draw and is not subject to manipulation.2

Older students’ goals and choices of programs and institutions tend to differ from those of younger college students.

Although there is considerable variation within age groups, the general patterns of enrollment, program and institutional choice, and completion, as well as the most prevalent barriers and needs differ significantly for older and younger students.

Older students are more likely than younger students to be enrolled in shorter programs and are more likely to be juggling family responsibilities in addition to their studies. While more than one-third of students over age 24 are in bachelor’s degree programs, Table 4 shows that most older bachelor’s degree students are nearing the end of their undergraduate studies; only 28 percent of all bachelor’s degree students ages 25 and older are in their first or second year of study, compared

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2. Under the current system, 24-year-old students are considered independent. We propose including 24-year-olds with younger students so that more of the students enrolling in college shortly after high school complete their studies before moving into the older category.
to 48 percent of bachelor’s degree students ages 24 and younger. While no federal aid program will accurately sort all students, drawing the line at age 24 seems to best group students by circumstance and goal.

Table 4:
Percentage Distribution of Bachelor’s Degree Students by Age and Year of Study, 2007-08

<table>
<thead>
<tr>
<th>Undergraduate Year</th>
<th>1st Year (23%)</th>
<th>2nd Year (20%)</th>
<th>3rd Year (24%)</th>
<th>4th Year (28%)</th>
<th>5th Year (4%)</th>
<th>Unclassified (1%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>24 and Younger</strong></td>
<td>26%</td>
<td>22%</td>
<td>24%</td>
<td>25%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>18 and Younger</td>
<td>83%</td>
<td>15%</td>
<td>2%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>19–24</td>
<td>15%</td>
<td>24%</td>
<td>28%</td>
<td>30%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>25 and Older</strong></td>
<td>15%</td>
<td>13%</td>
<td>26%</td>
<td>38%</td>
<td>8%</td>
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<td>25–29</td>
<td>13%</td>
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<td>25%</td>
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<td>30 and Older</td>
<td>15%</td>
<td>14%</td>
<td>27%</td>
<td>36%</td>
<td>7%</td>
<td>1%</td>
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Note. Percentages may not sum to 100 because of rounding. Table 4 was created using data from the National Postsecondary Student Aid Study (NCES, 2008). Calculations by the authors.
Pell Grant Y: Grants for Young College Students

Proposal Overview

Pell Y, supporting recent high school graduates from low- and moderate-income families, would serve the population that was the main focus of the Pell Grant program’s founders. Funding students based on the financial circumstances of their parents, Pell Y is designed to increase social mobility over generations. While rising college prices pose increasing challenges to students and families all along the income scale, the Pell Grant program is focused on diminishing barriers for students whose parents are able to make little or no contribution to financing college. The goal is to put these students on a more equal footing with those whose parents can contribute to paying college expenses.

Like the current Pell Grant program, Pell Y would be a straightforward voucher program, providing funds to students ages 24 and younger from disadvantaged backgrounds. The program should be simpler than the current Pell program, both in terms of the application process and eligibility determination. The grants could be used at all types of institutions, whether recipients are seeking specific occupational education or more general degree programs.

To help students from low- and moderate-income backgrounds make informed choices about college enrollment, the federal government should:

- Work to improve the counseling related to college choice and financing, particularly in high schools with large numbers of students who qualify for the federal free and reduced-price lunch program.
- Require postsecondary institutions to improve the counseling about career choice and educational paths provided to enrolling Pell Grant recipients.
- Provide families with early information about the financial aid that will be available to their children. A good option would be to implement the proposal of the Rethinking Student Aid Study Group (2008) to send information annually to tax filers whose dependent children would be eligible for Pell Grants if they were of college age, as well as to participants in means-tested income support programs.

The Pell Y program should be structured not only to provide funds allowing young people to enroll in college, but also to support their success in completing degrees and certificates in a timely manner. The program’s goal is to increase educational attainment and social mobility, improving the lives of young people growing up in households with very limited resources.

A Simpler Pell Grant Y Program

The application process and eligibility criteria for Pell Grants should be simple, predictable, and transparent.

Currently, in order to receive Pell Grants, students and parents must complete the FAFSA. Concerns over the complexity of this form and the barriers it creates for many students are not new. In recent years, the paper FAFSA has largely been replaced by a smarter online application, some questions have been eliminated, and the IRS has cooperated by allowing families to automatically fill in certain FAFSA questions with tax data. Although the application process has become simpler, there is still much room for improvement.

While the application process is likely the biggest hurdle for students, the complexity of the formula for determining Pell eligibility is also an issue. Because so many data elements enter into the formula and because it involves so many opaque calculations, it is virtually impossible for students and families to predict the level of funding they will receive.
If radically simplifying the application process for Pell Grants has the potential to reduce the uncertainties that create significant barriers to college enrollment and success for many students.

Many students receive awards smaller than the maximum ($5,550 in 2012-13) either because they are enrolled part-time or because they or their parents are deemed able to make some contribution to educational expenses. These awards are particularly difficult to estimate since they change in somewhat mysterious ways from year to year because of the complexity of the underlying need analysis formula.

The evidence that the application process creates a barrier is strong (Bettinger, Long, Oreopoulos, & Sanbonmatsu, 2012). The most obvious way to simplify the federal aid application process is to use information provided on federal tax forms to determine Pell eligibility. Previous similar recommendations include Dynarski and Scott-Clayton (2007) and the Rethinking Student Aid Study Group’s (2008) proposed elimination of all financial data not available from the IRS from the eligibility formula, making the provision of financial information on the FAFSA unnecessary.

The recent implementation of the Data Retrieval Tool, which allows some aid applicants to transfer IRS data directly to their FAFSAs, should be the first step on the way to eliminating the need for aid applicants to provide financial data. However, because Pell eligibility is based on income from the calendar year preceding enrollment, many students are not able to access their tax data in time to apply for aid and cannot use the new system.

Relying only on a small amount of information from tax forms would not have a significant impact on the distribution of Pell Grants.

Several studies have found that simplifying the formula to rely on a few pieces of information from federal income tax forms would have little impact on the distribution of Pell Grants (Dynarski & Scott-Clayton, 2007; Baum, Little, Ma, & Sturtevant, 2012; Dynarski, Scott-Clayton, & Wiederspan, forthcoming). The reality is that the vast majority of families for whom considering asset values and more complex definitions of income would make a significant difference in measures of ability to pay for college have incomes too high to be eligible for Pell Grants.

The most effective grant programs are simple, predictable, and easy for students and families to understand.

Several studies have found significant enrollment effects for grant programs that promise students predictable amounts of money and that make their eligibility requirements easily known (Dynarski, 2000, 2003; Kane, 2007). In contrast, documenting the enrollment impact of Pell Grants has been much more difficult. Numerous researchers have concluded that the program’s complexity and lack of transparency are at least partially responsible for limiting the effectiveness of Pell Grants (Kane, 1995; Dynarski & Scott-Clayton, 2007; Bettinger et al., 2012).

**Recommendations**

1. **For most aid applicants ages 24 and younger, base Pell Y eligibility on Adjusted Gross Income (AGI) and family size (as reflected in income tax exemptions).** Provide simple look-up tables to allow students and parents to predict their aid awards well in advance of applying for aid and without regard to whether or not siblings are in college at the same time.

   A simple Pell formula would award the maximum grant to applicants with incomes below a certain level, such as the poverty line, with the grant amount declining until it reaches zero at a predetermined income level, such as 200 percent of the poverty line. Appendix A provides an example of a formula that meets these criteria, along with estimates of the associated costs. Actual awards should be based on a formula that avoids large changes in award size when income moves from one cell to the next.

2. **Base the Pell award on a formula that does not automatically make students from higher-income families eligible for Pell Grants when the maximum award level increases.** Instead, only students from families with incomes below a certain level relative to the poverty line would be eligible for Pell Grants unless a purposeful policy change modified the income limit.
Today, when the Pell Grant maximum increases, the income and asset levels at which students are eligible also increase, adding to program costs. In contrast, under a formula that ties eligibility to the poverty level, which is indexed for inflation, the Pell Grant amounts accruing to students at different income levels would rise as prices in the economy rise. The maximum income level for eligibility could remain the same relative to the poverty level, or be adjusted as deemed appropriate.3

3. Make students whose parents receive means-tested benefits from programs such as Temporary Assistance for Needy Families (TANF), Medicaid, Section 8 public housing benefits, or Supplemental Security Income (SSI), as well as orphans and wards of the court, automatically eligible for the maximum Pell award. Others not required to file income taxes would provide simple income information to show eligibility.

4. Obtain tax filers’ information required for determining Pell Y eligibility directly from the IRS, eliminating both the need for applicants to provide additional financial information and the need for institutions to verify the data.

5. Replace reliance on one year of income information with the average of three years of income information, with the most recent year being a year earlier than current practice.4

Using three years of income data will limit the extent to which aid eligibility is affected by short-term income fluctuations. Family ability to finance college is really a function of longer-term financial circumstances and the availability of IRS data removes the previously insurmountable barrier of collecting data from multiple years.

Eliminating the requirement for using income information from the year immediately preceding enrollment has the advantage of allowing students to receive information about their financial aid earlier, enabling them to plan ahead. This change would not have a large impact on Pell eligibility for most students.5

The system should be flexible enough to allow those whose circumstances have deteriorated measurably in the intervening time to have their awards adjusted. Use of IRS data should make it possible to track household income even if family structures have changed over time.

6. Make exceptions to the simple formula for families with negative AGI or other circumstances evident on their tax forms that suggest their low AGI levels are not indicative of low financial resources.

It would be possible to make students ineligible for Pell Grants if their parents reported zero or negative AGI.6 Alternatively, business and other losses could be added back to income, and/or the filing of one or more supplementary tax schedules could affect Pell Grant determination.7

7. Adjust the maximum Pell Grant level automatically each year by the increase in the Consumer Price Index (CPI) plus 1 percent. To ensure that students get the full benefit of the federal subsidy, Pell Grants should not be taxable.

3. The marginal tax rate in the formula — the rate at which the grant declines when income increases — would have to be modified when the level of the maximum grant changes. See Appendix A for more detail.


5. Dynarski et al. (forthcoming) estimate that basing 2008-09 Pell Grants on 2006 income instead of 2007 income would have increased the average Pell Grant by about $60, with 66 percent of awards not changing at all and 78 percent changing by less than $500.

6. Estimates from the Urban-Brookings Tax Policy Center indicate that about 4 percent of Pell recipients are in this category.

7. According to the Urban-Brookings Tax Policy Center, in 2007-08:
   • Among students with negative family AGI, 86 percent filed at least one supplementary tax schedule and 42 percent filed at least two.
   • Among students from families reporting $0 AGI, less than 1 percent filed supplementary schedules.
   • Among students from families reporting AGI between $1 and $25,000, 24 percent filed at least one supplementary schedule, but only 6 percent filed at least two. (Fourteen percent filed Schedule C for self-employment income.)
   • Among students from families reporting AGI between $25,000 and $50,000, 30 percent filed at least one supplementary schedule, while 10 percent filed at least two. (Sixteen percent filed Schedule C for self-employment income.)
The unpredictability of the size of Pell Grant awards under the current system makes planning for college unnecessarily difficult. The proposed system would make Pell Grants more stable than they are under the current system, which is based on sporadic congressional action. Setting growth at CPI plus 1 percent acknowledges that college tuition consistently rises more rapidly than average prices in the economy, without expecting federal support to rise at a rate determined by the growth in college prices.

8. The federal government should communicate annually with families about resources available to help pay for college, customized to the extent possible based on each family’s financial circumstances.

Although college is expensive, if students from low-income backgrounds apply for financial aid, they are eligible for assistance and do not pay the published prices. However, information about eligibility for need-based financial aid for college does not reach students until late in their high school years. Children from families with minimal financial resources often lower their expectations for school success and show signs of academic disengagement as early as the middle school years (Destin & Oyserman, 2009).

Providing information annually to students from low- and moderate-income backgrounds about funding for postsecondary education should improve academic preparation and help keep these children on an open path to college.

The annual communication should include information on current average published and net prices at public institutions within the family’s state of residence, in addition to an estimate of the student’s Pell Y Grant, state grant, and tax benefits if the child were currently enrolled in college. During the later high school years the communication could provide more specific information about the financial aid process.

9. The federal government, possibly in partnership with states and institutions, should develop a need analysis formula based on a broad set of data available from federal income tax forms. This formula would produce an Expected Family Contribution that could be used by states and institutions to distribute aid to families with higher incomes and more complex financial circumstances than Pell Grant recipients.

An example of such a formula, along with its results applied to federal income tax data, can be found in Appendix B.

Questions About Simplification

How would simplifying the Pell eligibility formula to base it only on AGI and family size affect the cost of the program?

The cost of the program would depend on the specific elements of the formula. If students from families with AGI less than or equal to the poverty level for their family size received the current maximum award of $5,550 and the grant amount declined steadily to $0 for those with incomes equal to or higher than 200 percent of the poverty line, the cost of the program would not change measurably.

Some students would become newly eligible. Almost all of these students would be among those not currently completing the FAFSA. In addition, about 4 percent of current applicants not now eligible for a Pell Grant would receive Pell Y Grants.

Other students would lose eligibility. Most of these would be students from families with AGI above 200 percent of the poverty line who currently qualify because they have siblings who are also enrolled in college. In other words, funds would be more targeted on students from the lowest income families. (See Appendix A for detailed estimates of the impact of the proposed formula.)
Who are the students who do not now complete the FAFSA, and is it reasonable to give them Pell Grants?

In 2007-08, 19 percent of dependent students ages 24 and younger from families with AGI of $20,000 or lower did not complete the FAFSA. The same was true of 30 percent of those from families with AGI between $20,000 and $50,000. Among the 61 percent of undergraduates from families with higher incomes, almost half did not complete the FAFSA (NCES, 2008). These students would not be eligible for Pell Grants under the proposed system.

- Among dependent undergraduates from families with AGI of $50,000 or lower not applying for aid in 2007-08, 59 percent were enrolled in public two-year colleges and 27 percent attended public four-year institutions. Six percent were enrolled in private nonprofit four-year colleges and universities and only 1 percent of the non-aid applicants attended for-profit institutions (NCES, 2008).8

- Among those from families with AGI of $50,000 or lower not applying for aid, over one-third said they did not have the information about how to apply. Almost 60 percent said they did not think they would be eligible and over 40 percent were concerned about taking on debt (NCES, 2008).

Won’t ignoring assets make many students eligible for larger Pell Grants than they actually deserve?

Several studies have modeled the impact on Pell Grant eligibility of removing assets from the formula. Dynarski et al. (forthcoming) find no increase in the number of aid applicants who qualify for Pell Grants and only a $22 increase in the average Pell Grant. For 95 percent of recipients, grants do not change at all. Baum et al. (2012) found similar results examining the impact on Pell eligibility in five states.

It is important to keep in mind that the current federal aid eligibility system contains significant loopholes. The FAFSA and the supporting Federal Methodology ignore resources that would in most cases increase the family’s expected contribution and reduce the student’s Pell Grant eligibility. For example, the FAFSA does not capture information about either the family’s home equity or retirement assets, which make up the majority of most household net worth in this country. Furthermore, family farm and small business assets are ignored. In the case of divorced or separated parents, only the resources of the custodial parent are considered, which ignores the noncustodial parent’s potentially high income and assets. Families whose low AGI is the result of business or other losses may also receive more generous aid than their financial circumstances warrant.

To capture information that would be needed to improve the need analysis methodology would complicate the FAFSA for all applicants, and would be particularly difficult for students from low-income backgrounds. What is most important is to reduce complexity and increase transparency for low-income filers — those who are most likely to perceive the application as a barrier to enrollment and completion.

What happens to students ages 24 and younger whose parents do not consent to their tax information being used to apply for financial aid?

Eligibility for the Pell Y program is based on parents’ financial circumstances. (Younger students without parents — orphans and wards of the court — will automatically qualify for the maximum grant.) A process for allowing exceptions to the requirement to provide parental information exists now and could be strengthened.

Doesn’t basing awards on three years of income information increase the complexity of the program?

Relying on three years of income information would require an increased level of cooperation and coordination from the IRS. However, we believe that the current process can be streamlined and that the advantages of having information about the longer-term financial circumstances of families outweigh the potential problems.

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8. The remaining 7 percent attended other institutions or multiple institutions.
How would student income and asset information be incorporated into the simple Pell Y eligibility system?

Student income and assets would not be considered. Eligibility would depend only on parent income. Low-income dependent students often work to help support their families. Many of those who report assets have saved money from their part-time jobs in high school to help pay for college costs. Furthermore, for most students, earnings before enrollment do not reflect ongoing earnings after they begin college.

What would happen to the current system of awarding larger grants to students who have a sibling in college at the same time?

The Pell Grant Y would be awarded to the individual student based on parental income and would not depend on the timing of his or her enrollment relative to the timing of any siblings’ enrollment. Family size, however, would continue to influence Pell Y eligibility.

The current system provides much more aid to families with children close to each other in age than to families identical in every way except for the spacing of their children. Because most of them are eligible for the maximum Pell Grant based on their financial circumstances, the adjustment for siblings in college makes virtually no difference for families with AGI below $40,000.

- Estimates from the Urban-Brookings Tax Policy Center indicate that virtually no current Pell Grant recipients from families with AGI below $40,000 would lose eligibility if this adjustment were eliminated, and only 5 percent of those with AGI between $40,000 and $50,000 would lose eligibility. However, 38 percent of those with AGI between $50,000 and $75,000 and 92 percent of current recipients with AGI between $75,000 and $100,000 would no longer receive Pell Grants.

- Less than 1 percent of the Pell Grant dollars going to students from families with AGI of less than $40,000 and 9 percent of those going to students with AGI between $40,000 and $50,000 are attributable to the adjustment for siblings in college. Forty-two percent of the Pell dollars going to students from families with AGI between $50,000 and $75,000 and 85 percent of the dollars going to those from families with AGI between $75,000 and $100,000 are attributable to this adjustment.

How would the proposed change in the eligibility formula affect the cost of the Pell Grant program?

Simulations completed by the Urban-Brookings Tax Policy Center indicate that the proposed Pell Y formula would not have to change the cost of the Pell Grant program for students ages 24 and younger. Students from higher-income families who now receive Pell Grants, usually because they have a sibling in college at the same time, would lose eligibility. Many eligible students who do not now complete the FAFSA would likely take the simpler steps necessary to apply for aid, increasing the total number of recipients. Because these students tend to come from smaller families than current Pell Grant recipients with similar incomes, they would receive smaller Pell Grants.

Generally, Pell Grants would increase somewhat for the lowest-income recipients, but decline for those with higher adjusted gross income. See Appendix A for more detail.

Pell Grant Y and Academic Progress

While designed simply to provide funds to students and encourage their college enrollment, the structure of the Pell Grant program — like any other subsidy program — carries incentives for student choices and behaviors. Those incentives should be consciously designed to support student progress toward postsecondary credentials.

Recommendations

1. Students should be able to use their Pell Y funds at their own pace, registering for as many credits and as many terms per year as is appropriate for them.
Under current rules, students can receive Pell Grants for two full-time semesters, but then cannot receive more funds if they enroll for a third term over the summer. The proposed system would eliminate that problem, allowing students to receive Pell Grants for all periods of enrollment, supporting timely progress without increasing the individual student’s lifetime program cost.9

The current program does not provide additional funding when students enroll for more than 12 credit hours in a semester. We propose that the program should instead fund students who enroll for more credit hours more generously in order to facilitate their progress toward their goals. Financial constraints prevent many students from increasing their enrollment intensity, and this system will help to mitigate that problem.

- With the 2012-13 Pell Grant maximum of $5,550 and a minimum of 24 credit hours required to receive this level of funding, the program provides $231 per credit.
- Completing a bachelor’s degree in four years or an associate degree in two years generally requires 30 credits per year. Using this standard, a $5,550 grant implies $185 per credit.

Credit Hours

The Carnegie Unit, otherwise known as the “credit hour,” was introduced in 1906 by the Carnegie Foundation for the Advancement of Teaching. It is a time-based measure of student progress, intended to be associated with 15 weeks of study involving one hour of faculty instruction and two hours of study outside the classroom each week. For both accreditation and access to federal financial aid, the credit hour is the standard unit of measure.

This concept is the subject of increasing criticism from advocates of on-line and competency based learning who are concerned that it measures time and place rather than actual learning or knowledge. The Carnegie Foundation is now undertaking a project to reassess and modernize the measure.

Institutions such as Western Governors University that are focused on competency-based programs now generally link their programs to credit hours. Supporters of increasing the role of Prior Learning Assessment focus on granting credit for knowledge and skills gained outside of postsecondary institutions, diminishing the importance of the number of hours spent in classes, but still relying on a credit unit to measure progress (CAEL, 2010). However, a new program at Southern New Hampshire University is attempting to move away from this convention, relying on direct assessment of student competencies.

Even with new definitions of the credit hour or with innovative measures not yet developed, there will have to be some method of adding competencies, accomplishments — or credits — in order to earn degrees and certificates. Some standard for measuring student progress and/or learning is clearly necessary. Our intention is to base Pell Grant awards on the units in which progress is measured — and to develop a student aid system flexible enough to accommodate changes over time in the units of measurement.

For more detail on the history of the credit hour and ideas for revision, see Fain (2012); Laitinen (2012).

9. In 2009-10 and 2010-11, students could receive a “summer Pell Grant.” The practice of allowing more than one full Pell Grant during an academic year was discontinued because of its high cost. Under the policy, students could receive more than $5,550 even without completing a full 30 credits. The proposed program could avoid that problem.
2. Make students eligible for Pell Grant Y for up to 125 percent of the number of credits required for the program in which they are enrolled.\footnote{The exact number of credits that could be covered by the program should be a matter for discussion as the details of the program are developed. Moreover, any provisions defined in terms of credits should be flexible enough to accommodate innovations in the way student progress is measured.}

Many students must take courses that do not count toward their degrees before they are ready for college-level work, and requiring them to succeed in all of the courses they attempt would be unrealistic. On the other hand, funding students to stay in school longer and enroll in more credits than necessary to complete their programs carries high costs for them in terms of time out of the workforce and accumulated debt — in addition to putting pressure on government budgets and institutional capacity.

3. Allow students to use Pell Grants to earn multiple associate degrees or certificates, but limit total eligibility for Pell Grants to 150 credit hours — the limit for a student whose first degree is a bachelor’s degree.

Students who earn associate degrees or certificates will have remaining Pell eligibility to allow them to stack these credentials or to earn bachelor’s degrees.

4. Strengthen academic progress requirements to ensure that transfer students as well as continuing students have made progress toward their degrees or credentials before receiving additional Pell funds.

Current satisfactory academic progress requirements leave considerable discretion to the institution, resulting in uneven effectiveness. Moreover, information about previous academic achievement and Pell disbursements does not necessarily follow students who move from one institution to another. As a result, it is currently possible for a student to receive additional Pell disbursements without demonstrating satisfactory progress toward a degree or certificate. See Appendix C for current satisfactory academic progress requirements.

Questions About Supporting Student Success

Will providing higher levels of funding to students who make more rapid progress toward degrees penalize students whose circumstances slow them down?

Providing larger grants for students who enroll for more credits (or other measures of student progress) will increase the options for some students and encourage them to progress more quickly. The cost to students of staying in school for more time than necessary is high because of time out of the labor market and/or time working without the benefit of a credential.

Will limits on the number of credits covered by Pell Grants prevent some students from achieving their goals?

Students who know that their funding will end will have stronger motivation to complete their degrees more quickly. While there will always be individuals whose circumstances prevent them from accomplishing their goals, policies should be designed to help as many students as possible have the best attainable outcomes.

If a student turns 25 and has not exceeded the Pell Y Grant credit limit, would the student continue to be eligible for Pell Y?

No. The student could continue to receive a Pell Grant, but would qualify based on the Pell A eligibility criteria. Her parents’ income would no longer be considered in determining the amount of her Pell award. The credit limit for receiving Pell Grants would be based on all awards received under both parts of the program.
Education Accounts for Low-Income Children

Children growing up in low-income families should have college accounts that narrow the gaps between them and children growing up in more privileged circumstances.

A shortage of funds is not the only problem interfering with the educational attainment of young people growing up in low- and moderate-income families. Providing financial aid at the time high school graduates are ready to start college is important, but for many, the funds are too little, too late. Without the confidence that they will be able to pay for college, many low-income youth lack the motivation to prepare academically for continuing their education beyond high school.

Children growing up in more affluent households know that their families expect them to go to college and that their parents will be able to contribute at least some of the funds they will need to make college possible. Providing education accounts for low-income students cannot substitute for the schools the more privileged attend, the paths they follow, and the advantageous experiences they enjoy. But these accounts do have the potential to give young people from low-income backgrounds and their parents the confidence that college is not out of reach.

In addition to providing an early promise of available funding, accounts that accumulate over time have the advantage of being based on long-term financial circumstances, rather than on one year of information or even, as in our proposal, three years of family income. Children who grow up in consistently poor families will have larger accounts than those whose families were poor for a limited time. These accounts should supplement the Pell Y Grants awarded at the time students enroll in college.

Both the federal government and state governments currently subsidize college savings accounts through the tax system for those who can afford to contribute to them and who benefit from the tax-free status of the earnings on (and in some cases the contributions to) these accounts. As of June 2012, assets in Section 529 state college savings plans totaled $178.8 billion. Eleven million open accounts held an average of $16,300 (The College Board, 2012).

Very few low- and moderate-income families participate in these plans. According to the Government Accountability Office (GAO), families with college savings accounts have three times the median income and 25 times the median assets of those without accounts (GAO, 2012). This is partly because tax deductions are of less value to lower-income families. Moreover, the terms of 529 plans, which include penalties for withdrawal for noneducation expenses, make them risky for low-income families who are more likely to be forced to withdraw savings for emergency use and are less confident that their children will go to college. But the main reason few of these families participate is that they do not have the discretionary funds required to save. This reality is unfortunate not only because it implies that these families are deprived of a subsidy available to more affluent citizens, but also because they miss out on the encouragement of early academic and financial planning for college that results from knowing that money will be available for their children’s education.

Early promises of college funding can have a measurable impact on college enrollment among low-income students. The availability of funds must be accompanied by clear and accessible information in order to make a significant difference in student behaviors.

There is evidence that existing private and state-sponsored early promise programs do influence college-going patterns among low-income youth. Although it is not easy to determine causation, Elliott and Beverly (2011) concluded that children with a savings account were twice as likely as similar students without accounts to attend college; they also had higher levels of academic achievement in school. Other studies suggest that families who begin to save for college from an early age are more likely to exhibit strong college expectations for their children and place them into appropriate academic courses (Destin & Oyserman, 2009; Elliott, Choi, Destin, & Kim, 2011).
Early Promise Programs

Examples of programs providing early promises of financial aid include the following:

• A diverse set of countries, including the United Kingdom, Singapore, Canada, and South Korea, have begun to invest in children’s savings accounts. For example, through the Canada Learning Bond program, the Canadian government deposits funds into accounts for children from modest-income families and makes additional deposits as long as the family continues to qualify. The goal of the program is to help families plan early for their children’s postsecondary education.

• The Kalamazoo Promise program is a four-year scholarship that covers tuition and fees at Michigan public two- and four-year institutions for all graduates of Kalamazoo high schools. It is not based on merit or financial need.

• The Indiana Twenty-first Century Scholars Program guarantees free in-state tuition to students from low-income backgrounds who meet the program’s requirements, which include a pledge to graduate from high school with at least a 2.0 GPA, to apply for admission to an Indiana college, to apply for financial aid, and to be good citizens.

Recommendations

1. The federal government should supplement the Pell Grant program by opening college accounts for 11- or 12-year-old children whose parents’ financial circumstances would make them eligible for Pell Y Grants if they were college age.

Opening college accounts at an earlier age would allow students and families to establish an even longer planning horizon. However, because a disproportionate number of young parents have incomes that would qualify them for Pell, it is advisable to wait until their incomes are more likely to be representative of their long-term circumstances. By starting at age 11 or 12, the program would reach children before they begin to disengage from schoolwork in the middle school grades.11

2. Children would receive annual deposits equal to 5 to 10 percent of the Pell Y Grants for which they would be eligible if they were enrolled in college.

The amount of the deposit could be higher or lower than 5 or 10 percent of the Pell Y Grant, but it should be related to Pell eligibility.

3. The funds in federal education accounts should accrue interest until the beneficiaries reach the age of 17 and should be available to pay college expenses — and only for this purpose — until the account holders pass the age of 24.

Ending the growth in the accounts has the advantage of increasing the incentives for students to enroll in college as soon as possible after high school graduation.

4. Children and parents should receive annual notification of the amount of funds available in their accounts — just as savers receive clear notification of the status of their accounts.

The annual communication could also include information on current average published and net prices at public institutions within the family’s state of residence, in addition to an estimate of the student’s Pell Y Grant, state grant, and tax benefits if the student were currently enrolled in college. During the later high school years, the communication could provide more specific information about the financial aid process.

11. For evidence on the importance of the middle school years in strengthening academic identity and goals, see Osborne (1999); Gordon, Iwamoto, Ward, Potts, and Boyd (2009); and Wimberly and Noeth (2005).
5. Students would be allowed to use up to one-quarter of the accrued funds for the first year of postsecondary study. If they continued their studies or began a new program after completing a one-year certificate, they would be able to use up to one-third of the remaining amount in the second year of study. The funds would not be depleted before the completion of four years of study.

6. The federal government should run a pilot program of education accounts based on the proposed model to test its effectiveness and refine the details of the optimal structure.

The proposed experiments would supplement the current study the Department of Education is undertaking to test the impact of youth savings accounts on college enrollment and attainment among GEAR UP students. Because the effectiveness of the program could be significantly affected by details such as the age at which accounts are established, the size of the annual contributions, matching requirements, and the nature and form of the information provided to participants, it is important that the details not be locked in without reliable evidence on the characteristics of the program that will have the most impact on college enrollment and success.

Questions About Education Accounts

Why not make this a matching program, requiring parents to set aside some amount of money in order to participate in the program?

The goal of these education accounts is to provide a nest egg for the least privileged children to encourage them to seriously consider and prepare for college. Excluding the children whose parents are unable or unwilling to contribute to the accounts would leave out the most vulnerable potential students.

If contributions to the education accounts are based on information from tax forms, what will happen to children whose parents do not file federal income taxes?

Children whose parents participate in certain means-tested programs, such as TANF, Medicaid, Section 8 housing benefits, and SSI, would automatically be eligible for the maximum Pell Y Grant as well as the corresponding education account deposit. An effective federal outreach program should encourage parents whose incomes are too low to require them to file taxes and who do not participate in the relevant programs to apply for these accounts.

How much would this education account system cost?

While funds would be credited to children's accounts each year, the actual expenditures would not occur until the account holders are enrolled in college. The budget impact would depend not on the amount credited to children each year, but on the amount actually expended.

The population of account holders would not be identical to the population of Pell Grant recipients, since many families experience increases in their incomes over time, while others experience financial setbacks as their children are approaching college age. However, the number of Pell Grant recipients ages 24 and younger is a reasonable proxy for the number of account holders who would be withdrawing funds each year.

Once the program has matured, when all college-age youth have been eligible for accounts since they were 11 or 12 years old, the annual cost would be approximately equal to the number of Pell Y recipients times the average total account value divided by 4, assuming students are allowed to use one-fourth of the total amount accrued in the account each year.

12. The U.S. Department of Education announced the College Savings Account Research Demonstration Project in May 2012. The project will support college savings accounts for 10,000 participants in the GEAR UP program, which prepares disadvantaged students for college. The goal of the demonstration project is to gather evidence on the impact that college savings accounts have on college access and success by comparing the outcomes of students who get the accounts with the outcomes of a control group of GEAR UP students who won't be given the accounts.
If we assume children receive 10 percent of the value of the Pell Grant for which they would be eligible each year for seven years, from ages 11 to 17, the accounts would be equal to about 77 percent of the first-year Pell Grant amount when the students reach college age.\(^\text{13}\) There were approximately 5.2 million Pell Grant recipients ages 24 and younger (56 percent of all recipients) in 2010-11 (U.S. Department of Education, 2012a). If each withdrew a quarter of the total accrued in the account each year, the annual cost would be about $3.7 billion. Limiting contributions to 5 percent of the Pell Grant value would cut the cost of the program in half.

**How would this program affect the federal budget? How would the dollars credited to accounts that are never used be counted?**

The program could be budgeted in a similar way to a federal pension program. Each year, employees are vested with a certain number of dollars to be received in the future. These dollars must be appropriated in the year in which they are vested, but they do not count as expenditures until they are actually disbursed.

**How should the new education accounts for low-income students be funded?**

These accounts, which have the potential to increase academic preparation and college enrollment among low-income youth, should be created when new funds become available.

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13. This calculation assumes that the Pell Grant amount stays the same each year and interest accrues at 2.5 percent per year. With the 2011-12 average Pell Grant of $3,685, the average account would hold $2,851.
Pell Grant A: Grants for Older Adults

Meeting the Needs of Older Adults

Although the Pell Grant program was designed with the needs of young people from low-income families in mind, it has grown to serve as the primary source of grant funds for adults seeking to enhance their workforce skills.

There is growing evidence that programs with deliberate targeting of workforce investment, including job search, intensive counseling, and funding for training, are cost effective (Heinrich, Mueser, & Troske, 2009; Insight, 2010; Roder & Elliott, 2011). Yet general funding for employment services and training for adults, youth, and dislocated workers has fallen by about 90 percent over the past three decades (Holzer, 2009). In sharp contrast to postsecondary education funding, the United States lags far behind other countries in funding for labor force development.14

The Workforce Investment Act of 1998 (WIA) is currently the largest source of federally funded employment and training aside from Pell. Under this program, funds are distributed by the Department of Labor to the states, which then allocate the funds to state and local Workforce Investment Boards (WIBs).

- The three main funding streams in Title I of WIA received only about $3.3 billion for employment and training services in FY2012 and served about 8.7 million people (Employment and Training Administration [ETA], 2012a; ETA, 2012b).15
- Funding for workforce development in all parts of WIA plus programs scattered in other agencies totaled $12 billion in 2009-10 (Congressional Research Service, 2013).
- The Pell program provided about $17 billion to 4.1 million adults over the age of 24 in 2010-11 (U.S. Department of Education, 2012a).16

Pell Grant funding is essential for adults seeking to improve their labor market opportunities as well as for those seeking more general academic degrees, but the program design has not to date incorporated lessons from the workforce development world about how to achieve the best outcomes for students.

The Pell Grant program should make it possible for disadvantaged adults and displaced workers to pay for needed education and training, but it cannot and should not provide levels of funding adequate to replace wages while students are in school. Unlike parents of younger students, older students have to choose between spending time in school and spending time at work, and they require supplementary income sources if they are to succeed.

Another critical issue is that the need analysis system, designed to measure the capacity of parents to contribute to their children’s education, is not reliable for differentiating among older students. No modifications to the formula are likely to solve this problem, since both earnings before enrolling and earnings while students are in school are poor indicators of long-term financial strength.

Older adults seeking skills and credentials to improve their labor market opportunities have different needs than younger students. Students enrolling in general education programs can usually change majors without losing all of their earlier credits. The same is unlikely to be true for many occupation-

14. In 2010, when the United States spent 0.1 percent of GDP on active labor market policies, Organisation for Economic Co-operation and Development (OECD) countries spent an average of 0.7 percent of GDP. Denmark spent the highest percentage of GDP (1.9 percent), and Mexico was the only country spending less than the U.S. (OECD, 2012).

15. The number of people served by WIA is based on data about the 2011 Program Year, which ran from July 1, 2011, to June 30, 2012. During this time period, the three main components of the WIA system served 7.0 million adults, 1.1 million dislocated workers, and 0.2 million youth (ETA, 2012a).

16. Because data on Pell Grants by age for the 2011-12 award year are not yet available, this estimate is based on the 2010-11 distribution.
specific programs. Most older students cannot afford the time required for academic exploration, which is one of the central goals of many younger college students. The current system provides no guidance or support for making an informed choice about appropriate institutions or programs or for overcoming the particular barriers adults with other responsibilities face as they progress through their programs.

A related issue is that the need for job training is more sensitive to business cycles than is the need for support for younger college students. Funding for Pell Grant A could be expanded during economic downturns without directly affecting the provisions of the Pell Grant Y program.\footnote{Enrollment rates among older students are generally more responsive to increases in unemployment than are enrollment rates for traditional-age college students (Barr & Turner, 2012).}

\textbf{Older students’ goals and choices of programs and institutions tend to differ from those of younger college students.}

Choices of institutions and programs of study are critical to student outcomes, and there is growing concern about a mismatch between the skills and credentials students are acquiring and the needs of the labor market.

Too many older students enroll in programs with low completion rates and end up with little more than debt and lost time to show for their investments — and for the subsidies they have received.

- Among Pell Grant recipients ages 25 and older in 2007-08, 47 percent were enrolled in four-year institutions. This compares to 57 percent of those 24 and younger.
- Among the older group, 31 percent attended for-profit institutions, compared to 16 percent of younger students.\footnote{Within both age groups, the propensity to enroll at for-profit institutions was much greater among Pell recipients than among all students. The 31 percent of older Pell recipients who enrolled at for-profit institutions compares to only 15 percent of all students ages 25 and older. The 16 percent of younger Pell recipients who enrolled at for-profit institutions compares to only 6 percent of all students ages 24 and younger (NCES, 2008).}

Older students are more likely than younger students to have specific occupational goals for their postsecondary education and to be seeking courses of study that will allow them to attain these goals as quickly as possible.

- Among Pell Grant recipients ages 25 and older in 2007-08, 13 percent were enrolled in certificate programs and 49 percent in associate degree programs, compared to 9 percent and 37 percent, respectively, of the younger group (NCES, 2008).
- Among undergraduate students pursuing an associate degree in 2007-08, 39 percent of those over the age of 24 were in an occupational or technical program, compared to 28 percent of younger students (NCES, 2008).\footnote{The percentage of students pursuing occupational or technical associate degrees is higher for Pell recipients than for all undergraduate students within both age groups (NCES, 2008).}

Older undergraduates are also more likely to enroll part-time than are younger students.

- In 2007-08, 31 percent of Pell recipients and 59 percent of all undergraduates ages 25 and older enrolled exclusively part-time, compared to 14 percent of younger Pell recipients and 22 percent of all younger undergraduates (NCES, 2008).
- Sixty-five percent of Pell recipients and 59 percent of all undergraduates ages 24 and younger enrolled exclusively full-time, compared to 47 percent and 28 percent, respectively, of the older group (NCES, 2008).

Institutional choice can have a significant impact on student success (Bowen, Chingos, & McPherson, 2009; Bound, Lovenheim, & Turner, 2010). Moreover, the choice of programs is of particular importance for students seeking specific occupational education.
• Individuals earning associate degrees in high-return fields earn about 50 percent more than those with similar degrees in low-return fields (Jacobson, 2011).
• In 2010, among those with some college but no degree (a category including certificate holders), median earnings ranged from $35,500 for some occupational categories such as team assemblers to $58,200 for those in the highest paid fields (Carnevale, Rose, & Hansen, 2011).
• Among those with associate degrees, median earnings ranged from $36,500 in some occupations such as real estate brokers, to $61,000 for first-line supervisors or managers (Carnevale, Smith, Stone III, Kotamraju, Steuernagel, & Green, 2011).

Older students are less likely than younger students to earn postsecondary credentials and very few complete four-year degrees.

With different enrollment patterns and facing additional barriers to success, students beginning their studies later in life are less likely to reach their academic goals than younger students.

As shown in Table 5, about half of the Pell Grant recipients who enrolled for the first time in 2003-04 at the age of 25 or older were no longer in school and had not earned a degree or certificate by 2009, compared to 37 percent of those who began at a younger age.

### Table 5:

Percentage Distribution of Educational Attainment by 2009 of All 2003-04 Beginning Undergraduates and of Beginning 2003-04 Pell Grant Recipients

<table>
<thead>
<tr>
<th>Age (Dec. 31, 2003)</th>
<th>All Students</th>
<th>2003-04 Pell Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BA</td>
<td>AA</td>
</tr>
<tr>
<td>24 and Younger</td>
<td>37%</td>
<td>9%</td>
</tr>
<tr>
<td>18 and Younger</td>
<td>45%</td>
<td>9%</td>
</tr>
<tr>
<td>19–24</td>
<td>28%</td>
<td>10%</td>
</tr>
<tr>
<td>25 and Older</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>25–29</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>30 and Older</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Note. Percentages may not sum to 100 because of rounding. Table 5 was created using data from the Beginning Postsecondary Students Longitudinal Study (NCES, 2009). Calculations by the authors.

The data in Table 6 indicate that the likelihood of attaining a credential varies by sector of enrollment, but significant variation exists between age groups within sectors.

• Among those who began school in 2003-04 and received Pell Grants that year, about 58 percent of those who first enrolled in a public four-year institution at age 25 or older left school without a credential, compared to 28 percent of those who first enrolled at age 24 or younger.
• Among those who first enrolled in public two-year colleges, these figures were 48 percent and 44 percent, respectively.
Table 6:
Percentage of 2003-04 Beginning Pell Grant Recipients No Longer in School and With No Degree or Certificate by 2009, by Sector and Age at First Enrollment

<table>
<thead>
<tr>
<th>Age (Dec. 31, 2003)</th>
<th>4-Year</th>
<th>2-Year or Less</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public</td>
<td>Private Nonprofit</td>
</tr>
<tr>
<td>24 and Younger</td>
<td>28%</td>
<td>22%</td>
</tr>
<tr>
<td>25 and Older</td>
<td>58%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Note. Table 6 was created using data from the Beginning Postsecondary Students Longitudinal Study (NCES, 2009). Calculations by the authors.

Unemployment rates are higher among former students who began their studies at older ages.

Short-term labor market outcomes are particularly important for older students, and may not be perfectly correlated with the completion of credentials. Older students are more likely to be enrolling for specific training that may not require a credential. They are more likely to have labor market experience before they start school. But the employment outlook for students who left school without a degree or certificate appears bleaker for older students.

As shown in Table 7, among Pell recipients who began their studies in 2003-04 but never earned a credential, 62 percent of the older group was employed in 2009, compared to 74 percent of those who first enrolled at age 24 or younger.

Table 7:
Percentage of Beginning 2003-04 Undergraduates Employed in 2009, by Age at First Enrollment and Educational Attainment

<table>
<thead>
<tr>
<th>All Students</th>
<th>Bachelor’s Degree</th>
<th>Associate Degree</th>
<th>Certificate</th>
<th>No Credential</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 and Younger</td>
<td>88%</td>
<td>84%</td>
<td>79%</td>
<td>76%</td>
</tr>
<tr>
<td>25 and Older</td>
<td>89%</td>
<td>85%</td>
<td>74%</td>
<td>72%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2003-04 Pell Recipients</th>
<th>Bachelor’s Degree</th>
<th>Associate Degree</th>
<th>Certificate</th>
<th>No Credential</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 and Younger</td>
<td>87%</td>
<td>83%</td>
<td>74%</td>
<td>74%</td>
</tr>
<tr>
<td>25 and Older</td>
<td>—</td>
<td>82%</td>
<td>73%</td>
<td>62%</td>
</tr>
</tbody>
</table>

Note. People who were enrolled in graduate programs or undergraduate degree programs in 2009 are excluded from these calculations. The sample of bachelor’s degree recipients ages 25 and older is too small for reliable results. Table 7 was created using data from the Beginning Postsecondary Students Longitudinal Study (NCES, 2009). Calculations by the authors.

The need analysis system on which the allocation of Pell Grants is based was designed to measure the ability of parents to contribute to the educational expenditures of their children; it does not adequately distinguish among adults funding their own studies.

When parents complete the FAFSA, it is to determine whether and to what extent they are in a financial position to provide subsidies to their children to help them pay for college. The Pell Grant program is designed to provide federal support to students whose parents are not in a position to provide significant assistance.

Once students reach the age of 24, the FAFSA no longer collects information about their parents’ finances. Instead, the assumption is that these students must pay their own way. It goes without saying that few students are able to do this without assistance. While parents’ work lives are not usually affected by their children’s college enrollment, adult students face the choice between forgoing wages in order to devote time to their studies or attempting to add time for classes and study to full-time work schedules. In other words, for most of these students, the issue is how they will support themselves and possibly their families — not just how they will pay tuition and fees.
Long-term financial capacity is actually not the central factor differentiating current adult FAFSA filers. Rather, earnings the year before they enroll in school, choices about combining work and study, and whether or not they are married and/or have children determine the size of the Pell Grants students receive. In 2010-11, 81 percent of independent Pell Grant recipients with dependents of their own and 61 percent of those without dependents were determined to be unable to contribute to their own educational expenses. They received the maximum Pell Grant adjusted for enrollment intensity (U.S. Department of Education, 2012a).

The Pell Grant program is not and cannot plausibly be generous enough to replace the wages of adults who are temporarily out of the labor force. The program should make it possible for them to pay tuition and fees and to buy books and supplies. But like other adults whose labor market earnings are inadequate to support them, adult students need the income support programs of the social safety net, which is in many cases inadequate. Strengthening that system and its allowances for full-time study as a substitute for employment is the only solution for assuring that adults have the opportunity to invest in the education and training they need. The Pell Grant program alone cannot fill this role.

**Workforce development programs are most successful when they are closely connected to local labor market needs and when participants receive not only money, but also guidance about their choices and support for managing the combination of responsibilities they have undertaken.**

For students whose main objective in pursuing higher education is to improve their marketable skills and attain postsecondary credentials that will enhance their employability, choosing courses of study that will actually yield better labor market outcomes is essential. This places particular importance on ensuring that occupational and vocational programs are designed to reflect the current needs of local labor markets. For older displaced workers in particular, the returns to community college attendance can be considerable when students pursue courses of study that prepare them for employment in high-demand fields (Jacobson, LaLonde, & Sullivan, 2003; Jacobson, 2011; Insight, 2010).

One example of a type of program that connects education and training programs to local labor market conditions is a sector or industry partnership. These joint ventures involve organizing stakeholders associated with a particular industry (e.g., businesses, workforce development centers, postsecondary institutions) to tailor educational and job training programs to better fit industry needs. Sector partnerships have been found to be one of the most promising strategies for aligning training programs and employer needs (Edelman, Holzer, Seleznow, Van Kleunen, & Watson, 2011). They now exist in some form in over 40 states.

The current Pell Grant program does not in any way encourage or facilitate the development of effective courses of study or help guide students into the programs from which they are likely to benefit most.

**Recommendations:**

**Award Eligibility**

1. **For students over the age of 24, eligibility for Pell Grants should not be based on the traditional need analysis system. If they meet specified income requirements, adults in need of workforce education should have access through the Pell Grant A program to a set amount of funding that makes it possible for them to pay tuition and fees and buy books and supplies.**

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20. Pell for dependent students has of course never aimed to replace the wages of their out-of-work parents, but instead to help pay the educational expenses of the young people whose parents are unable to help.

21. See Appendix E for more information on federally funded workforce development programs.
Pell A Grants should be available to individuals over the age of 24 who do not have bachelor’s degrees and who seek additional education to improve their labor market opportunities.22

The same grants would fund bachelor’s degrees or other more general educational paths for older students.

Since the grants are intended to pay for tuition, fees, books and supplies, the amount of the grant should not be a function of household living costs. In order to encourage students to find cost-effective programs, their grants should not be a function of the price of the programs they select. To avoid a steep divide between those whose incomes are just low enough to qualify and those who just miss the cutoff for eligibility, there should be full funding and partial funding, following the example of the free and reduced-price lunch program.

2. **Pell A Grants should be available both to long-term disadvantaged adults and to those who are permanently dislocated from jobs they have held for a number of years.**

Older students who have little earning power and who live in households with very limited resources should receive Pell A Grants to pay for their education.

There is a variety of reasonable ways to define long-term disadvantage using an income cutoff. The cutoff should be based on the average of three years and might be set in terms of median household income or in relation to the poverty level.

In order to encourage rapid transition to new careers for permanently dislocated workers who lose their jobs for no cause after at least three years of tenure, qualifying earnings for one year might be sufficient for Pell A eligibility.23

3. **To qualify for Pell A Grants, adults would apply once — before beginning their programs. The award amounts would be based on the number of credit hours (or another unit of measuring progress) in which the student enrolls. Students would continue to receive funding as long as they made adequate progress in their programs.**

4. **As with the Pell Grant Y, students would be able to use their Pell funds at their own pace, registering for as many credits and as many terms per year as is appropriate for them.**

5. **The total funding available to an individual would cover 125 percent of the credits required to complete the program in which she is enrolling.**

Adults without a bachelor’s degree could receive Pell A Grants for more than one program, with the total not to exceed 150 credits (125 percent of the credits required for a bachelor’s degree). Pell Grants received under the Pell Y program would be included in calculating eligibility.

6. **The size of the full Pell Grant A award should be set to make it possible for most community college students to pay for tuition, fees, books and supplies. Pell Grant A awards should rise at the same rate as Pell Grant Y awards to ensure that political pressures do not work against the needs of older students.**

One option would be to set the size of the Pell Grant A award for full-time students at an amount adequate to cover average direct expenses at community colleges, the sector where most older adults enroll. In 2012-13, that amount is $3,131 for tuition and fees plus $1,229 for books and supplies, or a total of $4,360 — more than the current average grant for full-time independent students.24

- Like the Pell Grant Y, individual award sizes would depend on the number of credits (or other units measuring progress) for which students are enrolled.

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22. A potential augmentation of the program would be to allow bachelor’s degree holders who meet the financial eligibility criteria to participate.


24. In 2009-10, the average grant for full-time independent students was $3,925, 73 percent of the $5,350 maximum grant (U.S. Department of Education, 2012a). The same percentage of the 2012-13 maximum grant of $5,550 would be $4,052.
Like the Pell Grant Y maximum, the Pell A maximum amount per credit would increase annually by the rate of general inflation plus 1 percent.

To ensure that students get the full benefit of the federal subsidy, Pell Grants should not be taxable.

Supplementing Pell Funds

The purpose of the Pell A program is to provide both funding and guidance for older students. Students who are enrolling (or reenrolling) in college after a significant break differ from younger students in a variety of ways.

- They have less access to guidance about educational choices because they do not have high school counselors, peers enrolling in college, federal TRIO programs, or other programs designed to provide guidance and support to younger college applicants.
- Older students are more likely to be seeking training for specific labor market opportunities, less likely to be working toward bachelor’s degrees, and more likely to be enrolled in programs that are applicable to a limited range of narrowly defined occupations.
- Older students are less likely to be residential students and part of college communities that provide a variety of student services and opportunities outside the classroom.
- Older students are more likely to have family responsibilities that make them dependent on a combination of earnings and other sources of support to cover living expenses while they are in school.

1. The federal government should encourage and/or provide incentives for states to allow students to use income support programs to improve their chances of succeeding in college. It should also review its own income support programs to ensure that they do not discourage recipients from acquiring the necessary education and training.

In order to devote time to their studies, older students need access to programs such as TANF, childcare assistance, Section 8 housing subsidies, Supplemental Nutrition Assistance Program (SNAP), and unemployment compensation. Because eligibility for these programs differs across states, these services cannot be standardized at the federal level. Assuring access to these programs at both the federal and state levels should be an integral part of the Pell Grant A program.

There are many holes in the safety net and effective structuring of a sustainable Pell Grant program will require patching some of these holes. In particular, some programs deny funding to people who are in school, pushing them instead into low-wage, dead-end jobs. Treating full-time or close-to-full-time college enrollment for periods of time adequate for credential completion as a substitute for labor market participation is a critical part of Rethinking Pell Grants.

Appendix D provides information on current criteria for selected income support programs and how they may or may not be compatible with student needs.

2. Schools enrolling Pell Grant A recipients should be required to provide them with information about completion rates, average loan indebtedness, loan default rates, and labor market outcomes for similar students in the relevant programs.

The federal government has access to labor market data not easily available to institutions and should participate in the effort to ensure that students have the best possible information helping them to predict the benefits they will receive from specific programs.

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25. Barr and Turner (2012) provide evidence of the importance of supplementary income support for postsecondary students. Their study finds that states in which unemployment compensation regulations favor postsecondary access for displaced workers (and those with longer benefit duration) saw significantly larger enrollment increases during the 2007–2009 recession.
3. **Students receiving Pell A Grants should be required to avail themselves of the services of One-Stop Career Centers (or their successors) before enrolling. These services should be designed to help students formulate their goals and make informed choices about programs most likely to lead them to those goals.**

Because the most effective occupational training programs have close links to local labor markets and provide information and guidance as students choose their paths, receipt of Pell A Grants should be accompanied by guaranteed access to and required use of counseling by experts with no conflict of interest related to students’ choices. This advising should take place both before students select their programs and while they are progressing through those programs.26

The One-Stop Centers associated with the Workforce Investment Act can provide the basis for a better-developed system of local guidance for adults seeking to improve their labor market prospects. The services currently provided by these centers are uneven and capacity is limited. They should be strengthened, standardized, and provided with supplemental funding to serve Pell Grant-eligible students. Moreover, they should be more focused on providing access to postsecondary education and training, rather than just matching people to job openings (Strong, 2012). They should be knowledgeable about sector and industry partnerships and work with stakeholders to help them tailor educational programs to fit industry needs.

- Counseling should also include assistance with accessing federal, state, and local income support programs that can replace earnings to allow students to support themselves and their families while they pursue educational credentials.

- The federal government should provide supplemental funding for career assessment and counseling services. Evidence indicates that investing in these services greatly improves the effectiveness of programs that provide funding for training for unemployed adults. Benefits resulting from better choices made by students would include increased earnings and tax revenues and reduced unemployment compensation; the benefits would be likely to significantly outweigh the costs (Jacobson, 2009).

- Counseling must be based on up-to-date information on job availability and earnings potential at the local level, as well as on what kinds of education and training are needed to achieve competency in particular occupations and assessment of whether individual students are likely to be able and willing to attain such training.

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26. For an evaluation of the counseling and career services provided at WIA-funded One-Stop Centers, see Heinrich, Mueser, and Troske (2008). Another study of individual training accounts (ITAs) used at WIA-funded centers found that a mandatory counseling requirement may have discouraged study participants from using ITA services, but noted that it was only the anticipation of counseling — not the counseling itself — that appears to have discouraged participants and suggested that providing better information on the nature of required counseling services from the outset could mitigate the problem (Perez-Johnson, Moore, & Santillano, 2011).
4. **Students receiving Pell Grant A awards and the institutions in which they are enrolled should be required to participate in academic and career guidance programs to ensure that students are progressing toward credentials that will be of value in their local labor markets.**

In order for their students to receive additional Pell disbursements, institutions should have to provide evidence that the students are progressing successfully toward credentials. Current requirements for Satisfactory Academic Progress leave considerable discretion to institutions, resulting in uneven effectiveness. Moreover, they do not follow students as they...
move from one institution to another, so they do not require students to make progress before receiving additional Pell funding at a different institution.

In order to receive the next disbursement, students should also be required to get updated career guidance. For example, after students complete their first year of study, they might be required to have a counseling session that assesses their progress, their potential to complete the credential, and the current labor market demand for that credential. Counseling would be available through a combination of institutional resources and One-Stop Centers (or their successors).

5. **The design of the support services provided to — and required of — Pell Grant A recipients should be developed over time and based on findings from the evaluation of pilot programs.**

There is a growing body of research on the effectiveness of occupational training programs and support services, and a number of researchers and organizations have proposed innovative programs for improving the success rates of adults seeking to improve their marketable skills (Edelman et al., 2011; Soares, 2010; Jacobson et al., 2011; Strong, 2012). This evidence should provide the basis both for the initial basic design of the Pell Grant A program and of pilot programs around the country to develop effective local strategies.

### Questions About Pell Grants for Older Students

**How will Pell Grant A, designed for older adults, be different from Pell Grant Y, for younger college students?**

Pell Grant A is designed to meet the unique needs of older students and to improve their ability to succeed in their chosen education or training programs. As a result, it differs in important ways from the Pell Y program.

- The allocation of Pell Grant A will not be based on a traditional need analysis system. Because current financial circumstances do not provide a reliable basis for fine distinctions among adult students, students will be eligible for a full grant, a half grant, or no grant.

- Eligibility for Pell Grant A will be determined once, before a student enters a postsecondary program, with funding to continue through the course of study, rather than being recalculated each year.

- In order to receive Pell Grant A awards, students will be required to participate in precollege counseling to assist them in choosing institutions and programs of study.

- Receipt of supplementary services to improve access to income support programs to assist with living costs will be an integral part of the Pell A program.

- Pell Grant A recipients will be required to complete institutionally provided academic and career counseling programs intermittently over the course of study.

**Why use age as the distinguishing factor for the two components of the Pell program? Some 18- and 19-year-olds enter short-term job training programs; some older adults complete liberal arts bachelor’s degrees; many institutions enroll students of all ages.**

There is no line that can clearly separate Pell Grant recipients following traditional educational paths from those seeking more specific occupational education. However, age is highly correlated with these different paths. Deciding which courses of study are “occupational training” and which are “general education” would be problematic.

The financial aid system already treats students differently once they reach the age of 24, deeming them independent of their parents for the purpose of determining their ability to pay for college. In addition, unlike most other potential distinguishing criteria, age is an objective criterion and is easy to document. There is no concern that students or institutions will attempt to game the system to end up on one side of the line or the other.
It is important to note that Pell Y will serve younger students in specific occupational programs well, while Pell A will support older students in general education and baccalaureate programs.

**Why should we eliminate consideration of family size from the determination of Pell Grant eligibility for adult students but not for parents of younger students?**

Dependent students from larger families get slightly larger grants than those from smaller families with similar resources because their families are deemed able to contribute less. But for older adult students, the issue is how they will cover their living expenses — and those of their families — while they are in school. Pell Grants are not large enough to cover any expenses beyond tuition, fees, books and supplies for students other than some of those enrolled at community colleges. The income support programs designed to assist with living expenses for adults without adequate labor market earnings should address problems of family support.

**Will creating a distinction between Pell Grants for older students and Pell Grants for younger students put funding for older students at risk?**

Both Pell Grant A and Pell Grant Y are integral components of the core federal grant program for low-income postsecondary students. Specifying that both award levels will grow at the rate of overall inflation plus 1 percent strengthens the connection. Ignoring the variation in needs and circumstances among the students participating in the broad spectrum of postsecondary programs in this country is not a viable long-term path.

**How will we ensure that the counseling students receive is of high quality?**

Both postsecondary institutions and One-Stop Centers or their successors should be responsible for providing effective counseling services. Experts in the area should help to develop these systems, which should be evaluated through pilot programs and through monitoring of student outcomes.

**How will the cost of the Pell Grant A program compare to the cost of the current Pell Grants for older students?**

Because the average grant for older students will be similar to that under the current system, there will be no significant cost implications. As is the case with any policy change, there will be some winners and some losers. Full-time students currently receiving the maximum Pell Grant will receive slightly less in grant aid, but will benefit from the additional services available to them. Many of those whose earnings while in school currently make them ineligible for aid will receive grants under the new system. Increases in the accessibility of income support programs for students will increase the ability of older Pell Grant students to support themselves and their families while they pursue postsecondary education.

Providing subsidies to One-Stop Centers to serve Pell Grant-eligible clients would be an added cost. In 2010-11, there were approximately 4.1 million Pell recipients ages 25 and older, about 1.8 million of whom were first-year students (U.S. Department of Education, 2012a). Providing each of these potential Pell Grant A recipients entering postsecondary education with $500 in additional One-Stop services would require about $900 million in federal funding — a sum of money that would have an outsized impact on the efficacy of the tens of billions of dollars in total program expenditures.

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27. NCES (2008) data indicate that about 42.8 percent of Pell Grant recipients ages 25 and older were first-year students.
Institutional Incentives as a Tool in Federal Student Aid Policy

Proposal Overview
In order to foster student success, the Pell Grant program must focus on ensuring institutional support for students in addition to improving student opportunities, choices, and incentives.

Colleges with similar student bodies and similar levels of per-student funding differ significantly in their success in moving disadvantaged students toward success. The proposed program is designed to recognize the more successful institutions, to support their efforts, and to encourage other colleges to strive for similarly strong performance. Giving these “premium performers” public recognition will help guide students to enroll at these institutions. The federal government should publicize the eligibility status of institutions to help students make sound choices about where to enroll.

This proposal would direct the federal funding currently devoted to campus-based aid programs (Supplemental Educational Opportunity Grant [SEOG] and Federal Work-Study), currently about $1.7 billion, toward institutions instead of directly to student aid.

Careful design of a program of institutional support and incentives to increase educational opportunities for low- and moderate-income students must be grounded in reliable evidence, much of which remains to be collected.

Recommendations:
1. The Pell Grant program should be supplemented by a program to support institutions in providing services to all Pell recipients with the goal of improving the rates at which students progress and attain their educational goals.

   The federal student aid system should be designed to support improvement in completion rates for students who enroll in postsecondary education, at the same time that it encourages colleges and universities to enroll students from low-income backgrounds and to provide the academic and social supports they need to achieve their goals. The system should reward institutions for educating low-income students successfully, but minimize the potential unintended consequences of enrolling Pell Grant students as a revenue-maximizing strategy, awarding credentials of diluted quality, or excluding low-income students because of their lower odds of completing degrees.

   The advantages of this approach include increasing the probability that students will enroll in institutions that have federal incentive funds as a result of their successful practices and increasing the financial incentives for institutions not just to enroll, but to improve outcomes for low- and moderate-income students. This program would change institutional incentives, increasing the priority they place on the success of low-income students, and provide additional funding to allow them to achieve their goals.

2. The institutional incentives program should provide subsidies to institutions based on the number of Pell Grant recipients who earn a specified number of credits (or other units measuring academic progress) or who progress to second-year status or beyond, who transfer from two-year to four-year institutions, or who complete degrees or certificates requiring more than one year of full-time study.

   Subsidies to institutions should equal a percentage of the Pell Grant Y and A awards received by their students who progress in the specified directions, with larger subsidies attached to students eligible for the maximum Pell Grant than to those eligible for smaller awards. Only academic progress — as opposed to simple enrollment — would be rewarded. Neither the
graduation rate nor any rate would be used as the funding criterion, since this would encourage
creaming and reward institutions for enrolling students with high probabilities of success.
Institutions should be rewarded for producing more Pell-eligible graduates, not for having
a higher graduation rate.

3. *Institutions should be rewarded for the success of their Pell Grant recipients, and should be
allowed discretion in determining the most constructive use of the funds.*

The government should not attempt to prescribe the strategies most appropriate for
each institution in fostering the success of Pell Grant recipients. The government should,
however, support evaluation of these strategies and dissemination of information about
successful approaches.

Different institutions will find different strategies most effective in supporting the success of
Pell Grant recipients. Some of the funds might be devoted to financial aid, particularly in the
form of emergency funds to cover unexpected student needs. Other funds might be used to
strengthen academic counseling or tutoring services, or to provide professional development
for faculty and staff.

### Supporting Student Success:

#### Strategies for Increasing Completion Rates

While assuring that students have adequate funding is critical to their ability to successfully
complete postsecondary credentials, there are additional ways institutions can work to increase
the number of Pell Grant recipients who attain their educational goals. The imperative of providing
students with better information about the likely outcomes of alternative educational paths is
central to the Rethinking Pell Grants recommendations. Other strategies that have been shown
to be effective include:

**Developmental Education:** Many students, particularly among those from low-income
backgrounds, arrive at postsecondary institutions academically unprepared for college-level work.
They are often placed in developmental classes that do not carry credit and never progress
beyond these courses. Changing the way students are placed in these classes, the way the
programs are designed, and how preparatory work is integrated with credit-bearing work has
the potential to significantly increase completion rates (Cho, Kopko, Jenkins, & Jaggars, 2012;
Hodara, Jaggars, & Karp, 2012; Scott-Clayton & Rodriguez, 2012; Bailey, Jeong, & Cho, 2010;
Rosenbaum, Schuetz, & Foran, 2010).

**Credential Ladders:** Students embark on long-term degree programs and may make considerable
progress without ever earning a credential. For example, students might complete two years
of work toward a bachelor’s degree without earning an associate degree. Guiding students
into programs that will provide credentials along the way can diminish the harmful impact of
unexpected interference in courses of study (Rosenbaum, Stephan, & Rosenbaum, 2010).

**Structured Pathways:** Faced with too many choices and too little structure, many students
collect credits that do not lead to credentials. Clearer structure and mandatory advisory meetings
can help students complete degrees and certificates (Rosenbaum, Stephan, & Rosenbaum, 2010).

4. *Participation in the Pell institutional incentives program should be limited to institutions that
meet a set of requirements more stringent than the accreditation threshold for participation in Title IV student aid programs.*

Possible eligibility criteria might include the following:

- Institutions must provide clear information about the graduation rates of Pell recipients and
  other students, the debt accumulation and student loan default rates of students, and other
critical quality issues. Determination of the institution’s obligations for providing information should be made with consideration of the difficulty of collecting the data.

- Institutions should have to meet specified minimum thresholds for graduation rates, debt repayment by former students, and employment and earnings outcomes. Any comparison of graduation rates across institutions or to a national standard must be adjusted to account for the characteristics of the incoming students to avoid creating incentives for institutions to reject students who have the potential to succeed — but lower-than-average probabilities of completing their programs.

- Institutional eligibility might be based on a revised version of the current 90/10 rule, which would require that a minimum percentage of the students pay the majority of their expenses without student aid.

## Eligibility for Federal Student Aid

Public and private nonprofit colleges, universities, and vocational institutions and for-profit postsecondary institutions are eligible to participate in the federal student aid programs authorized by Title IV of the Higher Education Act.

- Public and private nonprofit higher education institutions must offer associate, bachelor’s, and/or graduate degrees, and/or certificates requiring at least one year of study and leading to gainful employment in a recognized occupation.

- For-profit institutions and vocational institutions must provide training for gainful employment in recognized occupations or baccalaureate programs in the liberal arts. The requirements include specified minimum weeks of duration and hours of course work.

In order for their students to qualify for federal student aid funds, institutions must:

- Be legally authorized by a state to provide a postsecondary education program in that state; and,

- Be accredited by a nationally recognized accrediting agency or have met the alternative requirements, if applicable.

As of the 1998 Reauthorization of the Higher Education Act, for-profit institutions must derive at least 10 percent of their revenues from non-Title IV sources (also known as the 90/10 rule). Schools may be disqualified for Title IV participation if the default rates for loans made to students for attendance at the school exceed specified thresholds. Those thresholds are currently set at 25 percent for the three most recent fiscal years or 40 percent for the most recent year. These limits will be modified with the impending change in the way default rates are measured.

*For more details on Title IV eligibility, see U.S. Department of Education, (2012c).*

5. **A portion of the funding for the institutional incentives program should be devoted to funding experiments designed to improve the success rates of low-income students. Funds should be awarded on the basis of both the potential for program success and the design of high-quality evaluation of the experiments.**

A subset of the incentive program funds might be targeted at states through a competitive process to influence their state grant and/or appropriation policies, ensuring that funds are targeted at needy students and at institutions providing quality education resulting in positive outcomes for Pell Y and Pell A recipients.
Questions About Institutional Incentives

How can we ensure that rewards for student success do not lead to watered-down degrees?

Any program that rewards institutions for student success without a measure that includes learning or a substitute for quality runs the risk of encouraging schools to water down the requirements for and quality of their credentials. Monitoring this issue and finding improved metrics for assessing student learning should be a central part of the pilot projects in this area and evaluation of those projects. Meanwhile, limiting program eligibility to institutions that meet standards like those suggested above will help ensure that the funds go to places that adhere to desirable practices.

How much will the institutional incentives program cost?

Table 8 reports the distribution of Pell Grants and of Pell Grant recipients by sector in 2010-11.

Table 8:
Pell Grant Recipients and Expenditures by Sector, 2010-11

<table>
<thead>
<tr>
<th></th>
<th>Public 4-Year</th>
<th>Public 2-Year</th>
<th>Private Nonprofit 4-Year</th>
<th>Private Nonprofit 2-Year</th>
<th>For-Profit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>$10,757,729,632</td>
<td>$11,352,122,833</td>
<td>$4,508,402,885</td>
<td>$243,093,790</td>
<td>$8,815,578,229</td>
<td>$35,676,927,369</td>
</tr>
<tr>
<td>Recipients</td>
<td>2,621,217</td>
<td>3,323,291</td>
<td>1,111,135</td>
<td>58,947</td>
<td>2,193,644</td>
<td>9,308,234</td>
</tr>
<tr>
<td>Average Grant</td>
<td>$4,104</td>
<td>$3,416</td>
<td>$4,057</td>
<td>$4,124</td>
<td>$4,019</td>
<td>$3,833</td>
</tr>
<tr>
<td>% of Dollars</td>
<td>30%</td>
<td>32%</td>
<td>13%</td>
<td>1%</td>
<td>25%</td>
<td>100%</td>
</tr>
<tr>
<td>% of Recipients</td>
<td>28%</td>
<td>36%</td>
<td>12%</td>
<td>1%</td>
<td>24%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note. Percentages may not sum to 100 because of rounding. Table 8 was created using end-of-year Pell Grant program data from the U.S. Department of Education (2012a). Calculations by the authors.

Based on 2007-08 National Postsecondary Student Aid Study (NPSAS) data, approximately 46 percent of Pell Grant recipients are first-year students (NCES, 2008). Under the proposed institutional incentives program, funding will be provided based only on students who have progressed beyond the first year. Students with lower-than-average Pell Grants are disproportionately represented among first-year students, but if we assume the average Pell Grant for the 54 percent of recipients who are beyond the first year, about $21 billion in current Pell Grant funding would be associated with students eligible for institutional incentive awards.

The total cost of the program would depend on the dollars awarded per Pell recipient and on the percentage of recipients enrolled in qualifying institutions. In 2011-12, the federal government allocated $1.7 billion for SEOG and Federal Work-Study awards (The College Board, 2012). This amount would allow institutions to receive institutional incentive grants worth at least 8 percent of the amount their students (excluding first-year students) receive in Pell Grants. If the program succeeds in increasing postsecondary success among Pell Grant recipients or in guiding students into eligible institutions, the cost of the program will rise.
A Coordinated Student Aid System

While the Rethinking Pell Grants Study Group has focused on the Pell Grant program rather than on other components of the student aid system that might benefit from reform, we recognize that Pell’s effectiveness depends on its integration into the larger student financing system. Pell Grants increase college affordability by lowering the net price low- and moderate-income students must pay wherever they enroll. Either increases in the published price or decreases in other forms of aid concurrent with Pell increases can cancel out the benefit of the additional grant aid.

Tuition

Questions about the relationship of Pell Grants to rising college prices abound. A Feb. 1, 2012, editorial in The Washington Post stated that “federal aid has had the perverse effect of enabling tuition hikes.” There is compelling evidence confirming that tuition prices at for-profit institutions are closely related to Pell Grant levels (Goldin & Cellini, 2012). Despite this concern, even skeptics of the Pell program recognize that Pell Grants are not a significant explanation for rising college prices. According to the Pope Center, “In addition to being expensive and inefficient in its effort to target low-income students, the Pell Grant program contributes at the margin to rising college costs — defeating, in part, its purpose” (Robinson & Cheston, 2012).

The preponderance of empirical evidence suggests that at least outside of the for-profit sector, increases in Pell Grants are not responsible for any significant portion of the rapid increase in published tuition prices (Cook & Hartle, 2012). Statistical analysis from Archibald and Feldman (2010) suggests that increases in Pell Grants actually lead to lower tuition at private nonprofit colleges because their students require less need-based aid.

Moreover, restraining published price increases by diminishing the aid provided to low-income students to pay those prices might ease the strain on the pocketbooks of middle- and upper-income students, but would surely restrict access for those with more limited means. Nonetheless, it is wise to ensure that program design minimizes any potential upward pressure on tuition. For example, awarding students an extra dollar of federal aid whenever their institutions raise prices by a dollar would likely be counterproductive.

State and Institutional Grant Aid

Decreases in grant aid from other sources for needy students also have the potential to thwart the intent of the Pell Grant program. If either states or institutions reduced their grant aid to Pell Grant recipients in response to increased generosity of the program, Pell would become a transfer to these entities rather than to students. Some state grant programs are designed to do exactly this, since their goal is to ensure that students have a certain proportion of their costs covered by grant aid.28 Similarly, institutions with the strongest need-based aid programs try to “meet need” for low- and moderate-income students. If a student is found to have a gap of $3,000 between his ability to pay and the price, the institution might award him $3,000. If his Pell Grant increases by $500, diminishing his need by that amount, it would be only logical for the institution to reduce its contribution to $2,500 and transfer the freed-up funds to another student with remaining need. However, a similar pattern among institutions that do not meet need would leave students with unmet need regardless of the generosity of the Pell Grant program. Although other estimates are lower, a recent study suggests that as much as 16 percent of Pell Grant dollars is “captured” by institutions, making net prices somewhat higher than they would be if every Pell dollar decreased student responsibility by one dollar (Turner, 2012).29

28. Minnesota and Oregon, for example, have grant programs based on the “shared responsibility” model, which follow this approach.
29. Other studies have found a variety of different results. Long (2004) found that some institutions increased prices in response to the introduction of the Georgia HOPE Scholarship program. Singell and Stone (2007) found that prices rose at private but not at public colleges in response to increases in Pell Grants. McPherson and Schapiro (1991) found the reverse.
Encouraging grant aid targeted at students with financial need at the state and institutional levels is critical to the success of the Pell Grant program. We recommend that evaluation of the effectiveness of the Pell Grant program include monitoring of this issue.

**Federal Education Tax Credits and Tuition Deductions**

Postsecondary students currently benefit from about $18.8 billion in a combination of federal education tax credits and tuition deductions (The College Board, 2012). This subsidy is equal to almost half of the annual Pell Grant expenditures. Unlike Pell Grants, however, these subsidies are not targeted at low- and moderate-income students. As a result, considering only Pell Grants provides a distorted view of how the federal government is distributing its subsidies to college students. Since the education tax credits were implemented, policy analysts have recommended better coordination with Pell and other student aid programs, but the inconsistencies persist.30

Estimates from the Urban-Brookings Tax Policy Center compare the distribution of Pell Grants to the distribution of tax credits, applying the current American Opportunity Tax Credit provisions to the 2007 distribution of income. As Table 9 indicates, the distribution of the tax credits is in sharp contrast to Pell Grants, whose most generous funding goes to a high percentage of the lowest-income students. The AOTC funds less than half of the dependent students from families with incomes below $50,000 and more than half of those with incomes between $50,000 and $200,000; the size of the tax benefit increases with income.

Redesign of the federal tax credits is beyond the scope of this project. However, we recommend diminishing the extent to which the tax credit policies counteract the design of the Pell program.31

**Table 9:**

**Estimated Distribution of American Opportunity Tax Credits and Pell Grants, Dependent Students**

<table>
<thead>
<tr>
<th>AGI</th>
<th>% Receiving Tax Credit</th>
<th>Tax Credit per Student</th>
<th>% Receiving Pell</th>
<th>Pell Grant per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>40%</td>
<td>$328</td>
<td>78%</td>
<td>$2,973</td>
</tr>
<tr>
<td>$1–$4,999</td>
<td>36%</td>
<td>$306</td>
<td>76%</td>
<td>$2,798</td>
</tr>
<tr>
<td>$6,000–$9,999</td>
<td>36%</td>
<td>$296</td>
<td>77%</td>
<td>$2,986</td>
</tr>
<tr>
<td>$10,000–$14,999</td>
<td>36%</td>
<td>$292</td>
<td>68%</td>
<td>$2,626</td>
</tr>
<tr>
<td>$15,000–$19,999</td>
<td>37%</td>
<td>$396</td>
<td>64%</td>
<td>$2,312</td>
</tr>
<tr>
<td>$20,000–$24,999</td>
<td>42%</td>
<td>$609</td>
<td>52%</td>
<td>$1,775</td>
</tr>
<tr>
<td>$25,000–$29,999</td>
<td>36%</td>
<td>$583</td>
<td>49%</td>
<td>$1,674</td>
</tr>
<tr>
<td>$30,000–$39,999</td>
<td>47%</td>
<td>$834</td>
<td>44%</td>
<td>$1,392</td>
</tr>
<tr>
<td>$40,000–$49,999</td>
<td>49%</td>
<td>$890</td>
<td>36%</td>
<td>$1,070</td>
</tr>
<tr>
<td>$50,000–$74,999</td>
<td>60%</td>
<td>$1,209</td>
<td>22%</td>
<td>$520</td>
</tr>
<tr>
<td>$75,000–$99,999</td>
<td>74%</td>
<td>$1,484</td>
<td>3%</td>
<td>$75</td>
</tr>
<tr>
<td>$100,000–$199,999</td>
<td>68%</td>
<td>$1,425</td>
<td>0%</td>
<td>$0</td>
</tr>
</tbody>
</table>


31. Options might include:
1) Eliminate tax credits and deductions and add the funds to the Pell Grant program.
2) Lower the income limit for eligibility for the credits and deductions.
3) Eliminate the federal tax deduction and consolidate the multiple tax credits.
4) Eliminate refundable tax credits and use the savings to increase Pell Grant funding.
5) Make the tax credits fully refundable.
Conclusion

The Rethinking Pell Grants Study Group is committed to strengthening the Pell Grant program to improve educational outcomes for low-income young people from disadvantaged backgrounds and for adults seeking to improve their labor market opportunities. Maintaining a strong Pell Grant program that provides substantial subsidies to a wide range of postsecondary students without the means to pay for their education and training is critical to the future of our economy. Both equity and efficiency considerations dictate that we make it possible for all motivated students who can benefit to have access to postsecondary education and to be supported in ways that encourage them to attain their educational goals.

In order to achieve these aims, it is vital that we carefully consider the most effective program design. Pell Grants cannot solve all of the problems facing students in selecting, enrolling in, and completing their postsecondary programs, and student aid is unlikely to be the most important lever in increasing college completion rates. However, thoughtful modifications can improve the Pell Grant program for both students and taxpayers.

An important component of designing stronger student aid programs, improving the choices students make, and reinforcing institutional efforts to increase student success is making better information easily available. Despite growing efforts in this direction, prices, student aid policies, graduation rates, student debt levels, and employment outcomes all remain too mysterious to prospective students. Increased transparency will not solve the problems of access and success, but it has the potential to contribute measurably to the solution.

It is also critical that we use this opportunity for systemic reform to institute a regular program of evaluation of the student aid system. Does the Pell Grant program effectively increase access, persistence, attainment, completion rates, and other outcomes of interest for various types of students? What modifications are most likely to make it more effective? The collection and analysis of data on program innovations and outcomes is a prerequisite for developing and maintaining a student aid system that meets the nation’s goals. To date, there have been insufficient opportunities for reliable research on the effectiveness of alternative student aid policy designs. As Congress and the administration pursue new student aid policies to improve educational opportunities, it is important to ensure evaluation of all innovations and to support ongoing student aid research.

Proposals for reforming the Pell Grant program and other components of the student aid system frequently focus on incremental change. The Rethinking Pell Grants Study Group has taken a different approach. We understand that it will be difficult for many people to support fundamental changes like thinking separately about the needs of older and younger students, as we recommend. We are convinced, however, that in order to achieve the goal of providing broad access to meaningful educational opportunities that improve people’s lives, it is vital that we think creatively.

The cost of all of the policy recommendations discussed here depends on the specific funding levels adopted. The formula simplification model described for Pell Y need not change the overall cost of the program. But slight modifications consistent with the design principles could either increase the generosity of the program or reduce its overall cost. The estimates provided for the cost of education accounts for low-income children and for incentives to institutions are similarly dependent on the precise approach taken. Because the average grants for older students would be similar to those under the current Pell program, the only significant cost implication of the Pell A proposal is the supplemental funding to One-Stop Centers to ensure that they have the necessary resources to provide high quality career and educational counseling. Ample funding is a prerequisite for the success of any program. The program designs we propose should increase the return on the investments of both taxpayers and students.

The Pell Grant program has a long history of increasing educational opportunities for low-income students. In the future, it must continue to support access to postsecondary education, while fostering increased success for both the disadvantaged young people and the adults seeking the degrees and certificates that can improve their lives and their contributions to society.
References


Strong, E. (2012). *One Stop Career Centers must be reinvented to meet today’s labor market realities: A working concept*. Corporation for a Skilled Workforce. Available from http://www.skilledwork.org/sites/default/files/One_Stop_Center_Reinvention_0.pdf


Appendix A

The Impact of a Simple Pell Formula Based on AGI and Family Size

The table below illustrates the proposed approach for a simple Pell eligibility formula, using the example of a family size of four. Students whose family income is at or below the poverty level would receive the maximum Pell Grant. Those with family income at 200 percent or more of the poverty level would not be eligible for a grant. (Different eligibility cutoffs could be chosen to affect total expenditures, as well as the income level at which the grant declines to zero.) For each family size, the marginal tax rate (the rate at which the award declines as income increases) would be adjusted to achieve the same award amount for the relevant poverty level.

The proposed formula could be applied to a system that relies on an average of three years of income, as calculated by the IRS.

The awards listed in the table are estimates of Pell eligibility — not precise award levels. The awards would not actually be constant within the cells, but would decline slightly with each additional dollar of income, as indicated by the associated formulas. Moreover, students whose parents’ tax returns indicate that they have complex circumstances not consistent with their low levels of AGI would receive lower awards — or no awards at all.

Possible Pell Grant Y Award Table for Family Size of Four

<table>
<thead>
<tr>
<th>Percentage of Poverty Line</th>
<th>2012 AGI Range</th>
<th>Pell Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 100%</td>
<td>$0 to $23,050</td>
<td>$5,550</td>
</tr>
<tr>
<td>100%–110%</td>
<td>$23,051 to $25,355</td>
<td>$5,273</td>
</tr>
<tr>
<td>110%–120%</td>
<td>$25,356 to $27,660</td>
<td>$4,720</td>
</tr>
<tr>
<td>120%–130%</td>
<td>$27,661 to $29,965</td>
<td>$4,167</td>
</tr>
<tr>
<td>130%–140%</td>
<td>$29,966 to $32,270</td>
<td>$3,614</td>
</tr>
<tr>
<td>140%–150%</td>
<td>$32,271 to $34,575</td>
<td>$3,060</td>
</tr>
<tr>
<td>150%–160%</td>
<td>$34,576 to $36,880</td>
<td>$2,507</td>
</tr>
<tr>
<td>160%–170%</td>
<td>$36,881 to $39,185</td>
<td>$1,954</td>
</tr>
<tr>
<td>170%–180%</td>
<td>$39,186 to $41,490</td>
<td>$1,401</td>
</tr>
<tr>
<td>180%–190%</td>
<td>$41,491 to $43,795</td>
<td>$848</td>
</tr>
<tr>
<td>190%–200%</td>
<td>$43,796 to $46,100</td>
<td>$294</td>
</tr>
<tr>
<td>&gt; 200%</td>
<td>&gt; $46,100</td>
<td>$0</td>
</tr>
</tbody>
</table>

Formula: If AGI ≤ $23,050, Pell = $5,550; If AGI > $23,050, Pell = $5,550-.24(AGI-$23,050)
The Impact of the Simplified Formula

In order to better understand the cost and potential distributional impact of the proposed change, the Urban-Brookings Tax Policy Center estimated the impact of applying this simple formula for Pell eligibility to all dependent undergraduate students.\(^3^{2}\)

The relevant equations modeled, based on the 2012 federal poverty guidelines (U.S. Department of Health and Human Services, 2012), are:

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>If income ≤ $15,130, Pell = $5,550</td>
</tr>
<tr>
<td></td>
<td>If income &gt; $15,130, Pell = $5,550 – 0.37 (Income – $15,130)</td>
</tr>
<tr>
<td>3</td>
<td>If income ≤ $19,090, Pell = $5,550</td>
</tr>
<tr>
<td></td>
<td>If income &gt; $19,090, Pell = $5,550 – 0.29 (Income – $19,090)</td>
</tr>
<tr>
<td>4</td>
<td>If income ≤ $23,050, Pell = $5,550</td>
</tr>
<tr>
<td></td>
<td>If income &gt; $23,050, Pell = $5,550 – 0.24 (Income – $23,050)</td>
</tr>
<tr>
<td>5</td>
<td>If income ≤ $27,010, Pell = $5,550</td>
</tr>
<tr>
<td></td>
<td>If income &gt; $27,010, Pell = $5,550 – 0.21 (Income – $27,010)</td>
</tr>
<tr>
<td>6+</td>
<td>If income ≤ $30,970, Pell = $5,550</td>
</tr>
<tr>
<td></td>
<td>If income &gt; $30,970, Pell = $5,550 – 0.18 (Income – $30,970)</td>
</tr>
</tbody>
</table>

Under this system, students would not have to complete an aid application including financial information. However, they would have to start the process by registering, indicating their plan to enroll in college, and asking that their Pell eligibility be sent to specified institutions. The expectation is that many students who do not now complete the FAFSA would participate and become Pell-eligible. The results below are based on the possibility that all eligible students would receive Pell Grants. In reality, some of these students would not apply for Pell Grants.

Key results of the simulations include the following:

1. If all eligible non-FAFSA filers received grants, the proposed Pell formula would not measurably change the cost of the Pell Grant program for dependent students, but it would increase the number of dependent recipients.

2. Because there is no adjustment for multiple family members in college, all current recipients with AGIs above 200 percent of the poverty level would lose eligibility. Because they come from smaller families, new recipients would receive smaller average grants than current recipients with similar AGI levels.

3. There would be more recipients with AGIs below $40,000 and fewer with higher AGIs. There would be more dollars going to students with AGIs below $30,000 and fewer going to those with higher AGIs.

4. In the unlikely event that all eligible students took the necessary steps to receive awards, almost 32 percent of the recipients would be people who do not currently file the FAFSA; almost a quarter of Pell dollars would go to these students.

5. Most of those who file the FAFSA but do not receive Pell Grants would remain ineligible, but 4 percent of FAFSA filers now ineligible for Pell would become eligible (4.2 percent if those with AGI ≤ $0 are included and 3.9 percent if those students are excluded).

32. Parent income information is not available for students not currently classified as dependent.
## Comparison of Proposed Simplified Pell Grant Formula to Current Federal Methodology: Number of Recipients

<table>
<thead>
<tr>
<th>AGI Range</th>
<th>CB Proposal</th>
<th>FM Proposal</th>
<th>Total CB/FM</th>
<th>% of Non-Eligible FAFSA Filers</th>
<th>% of Total Recipients</th>
<th>Total Dollars Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 – $125,850</td>
<td>6%</td>
<td>1%</td>
<td>4%</td>
<td>1.3972</td>
<td>24%</td>
<td>6,760</td>
</tr>
<tr>
<td>$126,000 – $250,000</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>1.3276</td>
<td>23%</td>
<td>2,550</td>
</tr>
<tr>
<td>$250,001 – $500,000</td>
<td>2%</td>
<td>1%</td>
<td>3%</td>
<td>1.2878</td>
<td>22%</td>
<td>7,630</td>
</tr>
<tr>
<td>$500,001 – $750,000</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>1.2778</td>
<td>21%</td>
<td>11,790</td>
</tr>
<tr>
<td>$750,001 – $100,000</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>1.2778</td>
<td>21%</td>
<td>21,060</td>
</tr>
<tr>
<td>$100,001 +</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>1.4668</td>
<td>30%</td>
<td>90,000</td>
</tr>
</tbody>
</table>

## Comparison of Proposed Simplified Pell Grant Formula to Current Federal Methodology: Distribution of Dollars Awarded

<table>
<thead>
<tr>
<th>AGI Range</th>
<th>CB Proposal</th>
<th>FM Proposal</th>
<th>Total CB/FM</th>
<th>% of Non-Eligible FAFSA Filers</th>
<th>% of Total Recipients</th>
<th>Total Dollars Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 – $504,720</td>
<td>5%</td>
<td>21%</td>
<td>21%</td>
<td>1.4274</td>
<td>5%</td>
<td>149,560</td>
</tr>
<tr>
<td>$504,720 – $617,840</td>
<td>1%</td>
<td>18%</td>
<td>18%</td>
<td>1.2681</td>
<td>1%</td>
<td>138,220</td>
</tr>
<tr>
<td>$617,840 – $1,052,330</td>
<td>1%</td>
<td>18%</td>
<td>18%</td>
<td>1.2881</td>
<td>1%</td>
<td>247,970</td>
</tr>
<tr>
<td>$1,052,330 – $1,337,320</td>
<td>1%</td>
<td>21%</td>
<td>21%</td>
<td>1.3178</td>
<td>1%</td>
<td>367,910</td>
</tr>
<tr>
<td>$1,337,320 – $1,421,010</td>
<td>1%</td>
<td>21%</td>
<td>21%</td>
<td>1.2778</td>
<td>1%</td>
<td>372,900</td>
</tr>
<tr>
<td>$1,421,010 – $1,350,760</td>
<td>2%</td>
<td>25%</td>
<td>25%</td>
<td>1.1873</td>
<td>2%</td>
<td>400,960</td>
</tr>
<tr>
<td>$1,350,760 – $1,041,410</td>
<td>5%</td>
<td>30%</td>
<td>30%</td>
<td>1.1265</td>
<td>5%</td>
<td>351,840</td>
</tr>
<tr>
<td>$1,041,410 – $1,658,440</td>
<td>4%</td>
<td>36%</td>
<td>36%</td>
<td>0.8159</td>
<td>4%</td>
<td>486,030</td>
</tr>
<tr>
<td>$1,658,440 – $1,421,010</td>
<td>6%</td>
<td>37%</td>
<td>37%</td>
<td>0.3857</td>
<td>6%</td>
<td>144,430</td>
</tr>
<tr>
<td>$1,421,010 +</td>
<td>8%</td>
<td>34%</td>
<td>34%</td>
<td>0.0958</td>
<td>8%</td>
<td>23,820</td>
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</table>

## College Board Reforming Pell Grants

### Composition of Recipients

<table>
<thead>
<tr>
<th>AGI Range</th>
<th>CB Proposal</th>
<th>FM Proposal</th>
<th>Total CB/FM</th>
<th>% of Non-Eligible FAFSA Filers</th>
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<td>2%</td>
<td>2%</td>
<td>4%</td>
<td>1.4668</td>
<td>30%</td>
<td>90,000</td>
</tr>
</tbody>
</table>

### Composition of Pell Funds

<table>
<thead>
<tr>
<th>AGI Range</th>
<th>CB Proposal</th>
<th>FM Proposal</th>
<th>Total CB/FM</th>
<th>% of Non-Eligible FAFSA Filers</th>
<th>% of Total Recipients</th>
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<td>21%</td>
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<td>5%</td>
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<td>34%</td>
<td>0.0958</td>
<td>8%</td>
<td>23,820</td>
</tr>
</tbody>
</table>
A Model for an Improved Need Analysis Formula

If a simple Pell award formula based on AGI and family size is adopted for most applicants, states and institutions awarding need-based aid to students from families with higher incomes and more complicated financial circumstances will require an alternative index on which to base their awards.

It is possible to develop a formula like the Federal Methodology (FM) using more information from tax forms. The estimates below are the results of simulations based on such a formula. The baseline formula defines income as AGI minus capital gains plus losses (capital, business, farm, other). It does not allow for negative AGI. It imputes assets by assuming that reported interest and dividends represent 5 percent rates of return.

The table below simulates the impact of selected modifications to the definition of income, the assumed rate of return on assets, and the marginal assessment rates on available income.

Because the formula examined here relies only on parental income and assets and does not generate a student contribution for dependent students, it may be appropriate to compare the calculated contributions to existing parental contributions (PCs). However, if these contributions are to replace entire family contributions, it may also be useful to compare them to existing EFCs.

Simulations are included below both for parents of dependent students and for independent FAFSA filers, since states and institutions might choose to calculate eligibility for their need-based aid for both students ages 24 and younger and for older adults.

These simulations make it clear that it would be possible to develop a formula that yields a distribution of expected contributions similar to current policy.
### Comparison of Detailed Need Analysis Formula Based on IRS Data to Current Federal Methodology: Dependent Students

<table>
<thead>
<tr>
<th>AGI</th>
<th>Students</th>
<th>Est. Current FM PC</th>
<th>Est. Current FM EFC</th>
<th>Base Formula</th>
<th>Modify Definition of Income</th>
<th>Modify Asset Returns</th>
<th>Assume 3% Rate of Return</th>
<th>Assume 9% for Dividends and 3% for Interest</th>
<th>Average for ≤ $125,000</th>
<th>$125,001+</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $0</td>
<td>12,404</td>
<td>$3,226</td>
<td>$2,500</td>
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<td>$1,780.724</td>
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<tr>
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<td>2,353</td>
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<td>86</td>
<td>86</td>
<td>84</td>
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<td>$922</td>
<td>$1,288</td>
<td>$1,148</td>
<td>$795</td>
<td>$1,122</td>
<td>$912</td>
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<td>$40,001–$60,000</td>
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<td>$7,738</td>
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</tr>
<tr>
<td>$125,001+</td>
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<td>$37,765</td>
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<td>$41,485</td>
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<td>$43,141</td>
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<td>$43,075</td>
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</tr>
<tr>
<td>All</td>
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<td>$13,805</td>
<td>$12,501</td>
<td>$14,225</td>
<td>$13,456</td>
<td>1,188.282</td>
</tr>
</tbody>
</table>
Impact on Dependent Students of Formula Based on IRS Data

- The base formula modeled would generate average expected parent contributions for dependent students of $13,517, compared to the current average FM PC of $13,315 and average EFC of $14,496. However, the average expected contribution for students from families with AGI of $125,000 or less would be about $600 lower than the current average FM PC for this group.

- The largest difference in expected contributions is for families with negative AGI (average PC of $6,657 under the base formula compared to $2,500 under FM). Unlike the current federal methodology, the formula modeled adds losses to income, generating significant expected contributions for this group.

- Adopting the current FM practice of counting the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) as income would raise the average expected contribution to a level just above the current average PC for families with AGI less than or equal to $125,000.

- The choice of a formula for imputing asset values based on asset income reported on tax forms has a significant impact on the outcomes. Assuming a low rate of return (3 percent) raises expected contributions because it assumes higher levels of assets generating the reported income.

- Slight increases in the assessment rates — the rate at which expected contributions increase as income increases — generate higher expected contributions. For example, increasing all rates by 3 percentage points so they range from 25 percent to 50 percent instead of the current 22 percent to 47 percent would increase the average expected contributions for dependent students from families with AGI less than or equal to $125,000 from $6,949 to $7,577, almost exactly the same as produced by the current FM.
### Comparison of Detailed Need Analysis Formula Based on IRS Data to Current Federal Methodology: Independent Students

<table>
<thead>
<tr>
<th>AGI (≤ $125,000)</th>
<th>Base Formula</th>
<th>Modify Definition of Income</th>
<th>Modify Asset Returns Assumption</th>
<th>Base Formula</th>
<th>Allow Negative AGI</th>
<th>Add EITC, CTC as Income</th>
<th>Don’t Adjust for Gains and Losses</th>
<th>Ignore Assets</th>
<th>Assume 3% Rate of Return</th>
<th>Assume 9% for Dividends and 3% for Interest</th>
<th>Basic Formula</th>
<th>FM EFC</th>
<th>EFC, Current EFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $0</td>
<td>$6,988</td>
<td>$6,988</td>
<td>$6,988</td>
<td>$6,988</td>
<td>$6,988</td>
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<tr>
<td>$0–$20,000</td>
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<td>$22,980</td>
<td>$22,980</td>
<td>$22,980</td>
<td>$22,980</td>
</tr>
<tr>
<td>$60,01–$80,000</td>
<td>$90,984</td>
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<td>$90,984</td>
<td>$90,984</td>
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</tr>
<tr>
<td>$80,01–$100,000</td>
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<td>$113,984</td>
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<td>$113,984</td>
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<tr>
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</tr>
</tbody>
</table>

### Base Formula Modifications

<table>
<thead>
<tr>
<th>AGI (≤ $125,000)</th>
<th>Increase 1st Rate from 22% to 25%</th>
<th>Increase All Rates by 1% (23% to 48%)</th>
<th>Increase All Rates by 2% (24% to 49%)</th>
<th>Increase All Rates by 3% (25% to 50%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $0</td>
<td>$6,988</td>
<td>$8,000</td>
<td>$9,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>$0–$20,000</td>
<td>$22,980</td>
<td>$24,000</td>
<td>$25,000</td>
<td>$26,000</td>
</tr>
<tr>
<td>$20,01–$40,000</td>
<td>$44,986</td>
<td>$46,000</td>
<td>$48,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>$40,01–$60,000</td>
<td>$67,984</td>
<td>$70,000</td>
<td>$73,000</td>
<td>$76,000</td>
</tr>
<tr>
<td>$60,01–$80,000</td>
<td>$90,984</td>
<td>$94,000</td>
<td>$98,000</td>
<td>$102,000</td>
</tr>
<tr>
<td>$80,01–$100,000</td>
<td>$113,984</td>
<td>$118,000</td>
<td>$123,000</td>
<td>$128,000</td>
</tr>
<tr>
<td>$100,01–$125,000</td>
<td>$136,984</td>
<td>$142,000</td>
<td>$148,000</td>
<td>$154,000</td>
</tr>
<tr>
<td>Avg</td>
<td>$97,984</td>
<td>$103,000</td>
<td>$109,000</td>
<td>$115,000</td>
</tr>
</tbody>
</table>

### Summary

- **Base Formula**: $6,988, $22,980, $44,986, $67,984, $90,984, $113,984, $136,984
- **Modify Definition of Income**: $8,000, $24,000, $46,000, $70,000, $94,000, $118,000, $142,000
- **Modify Asset Returns Assumption**: $9,000, $25,000, $50,000, $73,000, $102,000, $123,000, $148,000
- **Add EITC, CTC as Income**: $10,000, $26,000, $52,000, $78,000, $106,000, $128,000, $154,000
- **Don’t Adjust for Gains and Losses**: $12,000, $30,000, $60,000, $90,000, $120,000, $150,000, $180,000
- **Ignore Assets**: $14,000, $40,000, $80,000, $120,000, $160,000, $200,000, $240,000
- **Assume 3% Rate of Return**: $16,000, $48,000, $90,000, $132,000, $174,000, $216,000, $258,000
- **Assume 9% for Dividends and 3% for Interest**: $18,000, $54,000, $99,000, $144,000, $189,000, $234,000, $279,000

---

**Note**: The table above compares the base formula with modifications to the definition of income, asset returns assumption, and other factors, along with the estimated current federal EFCs for different AGI ranges. The modifications include changes in assessment rates and income assessment methods to compare with the current federal methodology.
Appendix C

Satisfactory Academic Progress

How It Works Today

In order to remain eligible for federal student aid, recipients must meet standards for Satisfactory Academic Progress (SAP). The federal government specifies a framework and minimum criteria, but each institution has considerable discretion in setting its own rules. A student not meeting those rules becomes ineligible for federal aid at the institution where he or she is currently enrolled, but may transfer to another college or university and receive federal aid.

An institution’s SAP policy must include the following components:

1. Qualitative Standard: Grade Point Average (GPA)

   An institution’s SAP policy must specify the GPA that a student must achieve at each evaluation. For educational programs longer than two academic years, the institution’s SAP policy must specify that at the end of the second academic year the student must have a GPA of at least a C or its equivalent, or have an academic standing consistent with the institution’s requirements for graduation.

2. Quantitative Standard: Pace

   The student must make sufficient progress to complete the academic program within a reasonable time period. Pace must be measured at each SAP evaluation period. Pace is calculated by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted (e.g., 30 completed hours/50 attempted hours = 60 percent Pace).

3. Maximum Time Frame

   Federal student aid funds cannot be paid to an undergraduate student who exceeds 150 percent of the published length of the educational program. Maximum time frame is often measured in terms of the number of credit hours required to complete an academic program. An institution’s SAP policy must describe how changes in academic program affect all required SAP standards.

4. Frequency of SAP Evaluations

   A student’s academic progress must be evaluated at the end of each payment period if the educational program is either one academic year in length or shorter than an academic year. For all other educational programs, the institution may evaluate SAP at the end of each payment period or at least annually to correspond with the end of a payment period.

Appendix D

Income Support Programs: Meeting the Needs of Adult Students

In order to devote time to their studies, older students need access to income support programs such as TANF, child care assistance, SNAP, and unemployment compensation. However, some programs and some states deny funding to people who are enrolled in postsecondary education, pushing them instead into low-wage jobs.

Child Care Development Block Grant: States determine what activities qualify for this program. While most states allow postsecondary education to be a qualifying activity for childcare assistance, states may impose restrictions on the type of education or training or the number of hours of education or work required to qualify for the program. For example, Delaware provides child care coverage only for TANF recipients and people enrolled through a SNAP education and training program. Because most states are not able to serve all eligible families, the availability of this type of assistance is often limited for students.

Temporary Assistance for Needy Families (TANF): States set the rules regarding whether students can meet their work requirements through education and training. In many cases, postsecondary education does not count, or counts only when combined with 20 hours of employment per week. All hours of work and education or training must be documented, which can be burdensome and stigmatizing for students. Even in states that are more supportive of education and training, there may be barriers for students seeking assistance. For example, Minnesota will approve education as a work activity for a current TANF recipient, but before the state approves an applicant for TANF, the individual must participate in an intensive job search.

SNAP (Food Stamps): College students are excluded from SNAP eligibility unless they are working at least 20 hours per week, receiving work-study, have young children, are assigned to a postsecondary institution by a TANF or SNAP employment program, or meet certain other exemptions. While many students may actually be eligible for the program, most staff in college financial aid or other institutional support offices are unlikely to know the details about how to qualify for the program, and do not focus on benefit access.

Unemployment Insurance: To qualify for benefits, unemployed persons must be available and actively looking for work. States may make exceptions for individuals in approved training that leads to employment, but state policies vary. Some states approve only vocational training while others allow for a broader range of educational programs. Some states exclude programs leading to degrees. Some state policies have become more generous since the passage of the American Recovery and Reinvestment Act of 2009.

Workforce Investment Act Individual Training Accounts: Higher Education Act regulations stipulate that federal student aid cannot be counted in determining eligibility or need in other federal benefit and assistance programs. However, WIA requires local administrators to take Pell Grants and other forms of grant assistance into account when determining eligibility for WIA funding, which can be used only for direct educational expenses. There is confusion about this coordination and inconsistency in implementation.
Appendix E

Federally Funded Workforce Development Programs

Workforce Investment Act

The Workforce Investment Act (WIA), passed in 1998, created three funding streams under Title I to support workforce training for adults, displaced workers, and youth. In addition, the legislation authorized additional programs that vary by size and target group (for example, WIA National Programs assist Native Americans, migrant and seasonal farm workers, veterans; WIA Title II focuses on adult education and literacy; etc.).

Funding for adults and displaced workers is distributed by the Department of Labor to the states, which allocate the funds to state and local Workforce Investment Boards. The WIA legislation requires that people participating in these programs receive services provided by One-Stop Centers in a specified order, beginning with “core services” that include computer-based job assistance, résumé preparation, and labor market information. If core services do not result in employment, participants may choose to take advantage of “intensive services” such as career counseling and skills assessments. Participants cannot qualify for job training and funding through individual training accounts (ITAs) unless they first access both core and intensive services.

ITAs are vouchers that participants can use to pay for the training programs of their choice from a locally approved list of eligible training providers. Local areas are given flexibility in terms of how they structure and award ITA funds as well as how they develop, approve, and maintain their lists of eligible training providers, which are held accountable for training outcomes.

Trade Adjustment Assistance for Workers

Trade Adjustment Assistance for Workers (TAA) provides federal assistance to workers who have been adversely affected by foreign trade. States are responsible for administration of TAA training. Funding in fiscal year 2012 was capped at $253 million.

To qualify for TAA training, a group of workers must demonstrate to the Department of Labor that they lost employment because their jobs were moved out of the country or because of an increase in directly competitive imports. Once certified as eligible, individuals apply for training assistance and income support from local One-Stop Centers. Funds are either paid directly to the training provider on the individual’s behalf or through a voucher system similar to that employed by WIA. Income support continues as long as the individual remains enrolled in an eligible training program, up to a maximum of 130 weeks.

Job Corps

Job Corps is a comprehensive residential education and job training program for at-risk youth ages 16 through 24. It provides both classroom and work-based learning experiences to prepare youth for stable jobs with good salaries. Funded at about $1.5 billion per year, more than 120 Job Corps Centers serve about 60,000 new participants each year. Job Corps is authorized under WIA Title I, Subtitle C, and is administered by the Office of the Secretary of Labor.

A long-term, random assignment study found that Job Corps participation increased earnings, decreased criminal activity, and reduced dependence on public assistance programs. A subsequent cost-benefit analysis supported these findings (Burghardt et al., 2001). A more recent, longer-term follow-up to the Job Corps Study finds that the benefits fade away for teens, and that the program is no longer effective for them. However, it remains effective for those ages 20 to 24 (Schochet, Burghardt, & McConnell, 2008).
**Temporary Assistance for Needy Families (TANF)**

One of the purposes of TANF is to promote job preparation and work. About 15 percent ($5.3 billion) of the total federal and state TANF expenditures in fiscal year 2009 was spent on work support and employment programs. States have flexibility in how they finance job-search, job readiness, and training activities.

To receive full benefits, recipients must complete an average of 30 hours per week of “work activities” as soon as they are job ready but no later than two years after receiving assistance. TANF limits the time individuals can spend on job-training activities, but the definition of what qualifies as vocational education varies from state to state. In general, individuals receiving TANF benefits can spend no more than one year in vocational education and job skills training.
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advocacy.collegeboard.org.

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Financial Aid Technical Advisory Committee
(Regional Reps and CCCSAAA)
Monday, May 13, 2013 CCCCO
Sacramento CA

*Handout(s)

CCCCO:

- Regional Reps Reports
- 2012-13 BFAP-SFAA Allocations (TB)
  - P-2 Adjustments*
- 2013-14 Budget (TB)
  - Fee Waiver Proposed Changes
- Update on 2013-14 Proposed State Legislation* (TB)
  - AB534 Cost Estimates*
  - Disbursement Card Services
- Student Success Update (RM)
  - Fee Waiver Proposed Draft Regulations - Status
  - Student Success Act Proposed Regulations*
- System Wide Default prevention services (RM)
  - Survey, Sub-committee, next steps

CSAC:

- CA ISIR Processing Update from Regions (RM)
  - Datatel programming for 2013-14?
- Highlights from recent Commission Meeting (TB and RM)
- Improving Competitive Awards take-rate (RM)
  - Work rosters – use NA and LA codes early in year
  - Option: CSAC forces NA mid-year
  - Require “intent” form for competitive awards
  - Run elig Pell student through CSAC’s “award status extract”

Federal:

- HEA Reauthorization Priorities (TB)
- SAP – Transcripts from other institutions (RM)

Training:

- Feedback from All Director Training (RM)
- New Director Training – fall (TB)
  - Need to coordinate dates

Other:

- Foster Youth Update (TB)
- Veteran’s Update
- I Can Afford College Update (Tuesday)
<table>
<thead>
<tr>
<th>DED#</th>
<th>DATA ELEMENT NAME</th>
<th>FORMAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>SM01</td>
<td>STUDENT-EDUCATIONAL GOALS</td>
<td>X(04)</td>
</tr>
<tr>
<td>SM02</td>
<td>STUDENT--MAJOR COURSE OF STUDY</td>
<td>X(06)</td>
</tr>
<tr>
<td>SM03</td>
<td>STUDENT-MATRICULATION-SPECIAL-SERVICES-NEEDS (DELETE)</td>
<td>X(14)</td>
</tr>
<tr>
<td>SM04</td>
<td>STUDENT-ORIENTATION-EXEMPT-STATUS</td>
<td>X(04)</td>
</tr>
<tr>
<td>SM05</td>
<td>STUDENT-ASSESSMENT-EXEMPT-STATUS</td>
<td>X(04)</td>
</tr>
<tr>
<td>SM06</td>
<td>STUDENT-COUNSELING/ADVISEMENT/SEP- EXEMPT-STATUS</td>
<td>X(04)</td>
</tr>
<tr>
<td>SM07</td>
<td>STUDENT-INITIAL ORIENTATION-SERVICES</td>
<td>X(01)</td>
</tr>
<tr>
<td>SM08</td>
<td>STUDENT-INITIAL ASSESSMENT-SERVS-PLACEMENT</td>
<td>X(01)</td>
</tr>
<tr>
<td>SM09</td>
<td>STUDENT-MATRICULATION-ASSSESSMENT-SERVICES-OTHER (DELETE)</td>
<td>X(04)</td>
</tr>
<tr>
<td>SM10</td>
<td>STUDENT-MATRICULATION-STUDY-SKILLS-EVALUATION-SERVICES</td>
<td>DELETED</td>
</tr>
<tr>
<td>SM11</td>
<td>STUDENT-MATRICULATION-SPECIAL-SERVICES- REFERRAL</td>
<td>DELETED</td>
</tr>
<tr>
<td>SM12</td>
<td>STUDENT-COUNSELING/ADVISEMENT-SERVICES</td>
<td>X(01)</td>
</tr>
<tr>
<td>SM09</td>
<td>STUDENT-ACADEMIC-FOLLOW-UP- ACADEMIC PROGRESS-PROBATION SERVICE</td>
<td>X(03)</td>
</tr>
<tr>
<td>SM??</td>
<td>STUDENT-ACADEMIC-FOLLOW-UP-SERVICESSTUDENT SUCCESS OTHER</td>
<td>X(04)</td>
</tr>
<tr>
<td>SM13</td>
<td>STUDENT-STUDENT EDUCATION PLAN</td>
<td>X(02)</td>
</tr>
<tr>
<td>SM14</td>
<td>STUDENT-CAREER GOAL</td>
<td></td>
</tr>
</tbody>
</table>
This element describes the student's educational goal while enrolled in the reporting college and should be updated each term if the student notes a change during their academic career. This information is in addition to SB14 and is collected after that element has been recorded. The distinction between the elements is an important one: where SB14 records the initial goal of the student upon application, this element documents and confirms their current goal each term. Enter primary goal only.

<table>
<thead>
<tr>
<th>Coding</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Obtain an associate degree and transfer to a baccalaureate granting institution 4-year-institution</td>
</tr>
<tr>
<td>B</td>
<td>Transfer to a baccalaureate granting institution or institution without an associate degree</td>
</tr>
<tr>
<td>C</td>
<td>Obtain an two-year associate degree without transfer</td>
</tr>
<tr>
<td>E</td>
<td>Earn a career technical vocational certificate without transfer</td>
</tr>
<tr>
<td>F</td>
<td>Discover / formulate career interests, plans, goals</td>
</tr>
<tr>
<td>G</td>
<td>Prepare for a new career (acquire job skills)</td>
</tr>
<tr>
<td>H</td>
<td>Advance in current job / career (update job skills)</td>
</tr>
<tr>
<td>I</td>
<td>Maintain certificate or license (e.g. Nursing, Real Estate)</td>
</tr>
<tr>
<td>J</td>
<td>Pursue educational development (intellectual, cultural)</td>
</tr>
<tr>
<td>K</td>
<td>Improve basic skills in English, reading or math</td>
</tr>
<tr>
<td>L</td>
<td>Complete credits for high school diploma or GED</td>
</tr>
<tr>
<td>M</td>
<td>Undecided on goal</td>
</tr>
<tr>
<td>N</td>
<td>Move from noncredit coursework to credit coursework</td>
</tr>
<tr>
<td>O</td>
<td>University/4-year college student taking courses to meet 4-year college/ university requirements</td>
</tr>
<tr>
<td>X</td>
<td>Uncollected / unreported</td>
</tr>
<tr>
<td>Y</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

This element should be updated every reporting term to reflect the current status of the student during the reporting term. If there were no changes during the term, the goal does not change from the last reported term.
SM02 – Student – Major Course of Study

This element identifies the student's course of study, which is defined as the student's major or program area of emphasis, including students who seek to complete an ESL or basic skills sequence, while enrolled in the reporting college, as reported by the student during the reporting term.

Coding

1. Enter the Program Control Number (SP04) of a valid program or TOP code (see SP01) at this college that most closely matches the student's course of study major or program area of emphasis. If a PCN is entered left justify and space fill.

2. This data element may be coded with "YYYYYY" if the student is exempt from orientation, assessment, and counseling.

3. Enter "000000" if the student does not have a course of study identified major. Enter "XXXXXX" if the course of study major is unknown.

4. This element should be updated every reporting term to reflect the most current status of the student during the reporting term. If there were no changes or contact during the term, the student's course of study major does not change from the last reported term.

5. Edit Check: SMXX Student Education Plan cannot be 0000 if course of study is entered (not unknown)

6. A value of not applicable may be entered for students who are exempt from completing education plans, such as students who enroll at the college who are taking avocational courses.
This element indicates the specialized support services needs identified by the student and/or staff through the matriculation process at the college during the reporting term.

The first ten of the fourteen positions in this field refer to the following services respectively (the remaining four positions are reserved for later use.)

In each of the first ten positions, enter one of the following status codes. In positions 11-14, enter spaces.

<table>
<thead>
<tr>
<th>Position</th>
<th>Service Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financial Aid</td>
</tr>
<tr>
<td>2</td>
<td>Child Care</td>
</tr>
<tr>
<td>3</td>
<td>Disabled Student Services</td>
</tr>
<tr>
<td>4</td>
<td>Transfer Services</td>
</tr>
<tr>
<td>5</td>
<td>Employment Assistance</td>
</tr>
<tr>
<td>6</td>
<td>Basic Skills</td>
</tr>
<tr>
<td>7</td>
<td>Tutoring / Supplementary Instruction</td>
</tr>
<tr>
<td>8</td>
<td>ESL</td>
</tr>
<tr>
<td>9</td>
<td>EOPS</td>
</tr>
<tr>
<td>10</td>
<td>CalWORKS</td>
</tr>
<tr>
<td>11</td>
<td>Foster Youth</td>
</tr>
<tr>
<td>12</td>
<td>Veterans</td>
</tr>
<tr>
<td>13</td>
<td>UMOJA</td>
</tr>
<tr>
<td>14</td>
<td>PUENTE</td>
</tr>
<tr>
<td>11-14</td>
<td>Reserved (enter spaces)</td>
</tr>
</tbody>
</table>

1. Positions 1-10 may be coded with 'Y's if the student is exempt from orientation, assessment, and counseling.
2. This element should be updated **every reporting term** to reflect current recommendations / referrals / needs identified during the reporting term.
This element indicates whether the student was directed to, or exempted from, initial orientation services at the college.

<table>
<thead>
<tr>
<th>Coding</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Student Directed To Orientation Services</strong></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Student was directed to <em>initial</em> orientation services.</td>
</tr>
<tr>
<td><strong>Student Exempted From Orientation Services</strong></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Student has completed an Associate or higher degree.</td>
</tr>
<tr>
<td>O</td>
<td>Student exempted based on other district criteria.</td>
</tr>
<tr>
<td>Y</td>
<td>Not applicable – see notes below.</td>
</tr>
</tbody>
</table>

1. Up to two exemption reasons may be coded. Code unused positions with “Y”s, that is, if student was not exempted, code “AYYY”. If student was exempted based on both possession of a degree and other criteria, code “DOYY”.

2. All 4 positions must be valid according to these specifications. If one position is invalid, the entire field is considered an exception and the record will be rejected.
This element indicates whether the student was directed to, or exempted from, matriculation initial assessment services at the college.

<table>
<thead>
<tr>
<th>Coding</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Student Directed To Initial Assessment Testing Services</strong></td>
</tr>
<tr>
<td>A</td>
<td>Student was directed to assessment testing services.</td>
</tr>
<tr>
<td></td>
<td><strong>Student Exempted From Initial Assessment Testing Services</strong></td>
</tr>
<tr>
<td>D</td>
<td>Student has completed an Associate or higher degree</td>
</tr>
<tr>
<td>O</td>
<td>Student exempted based on other district criteria</td>
</tr>
<tr>
<td>Y</td>
<td>Not applicable – see notes below.</td>
</tr>
</tbody>
</table>

Up to two exemption reasons may be coded. Code unused positions with “Y”s, that is, if student was not exempted, code “AYYY”. If student was exempted based on both possession of a degree and other criteria, code “DOYY”.
This element indicates whether the student was exempted from completing a student education plan or from counseling/advisement other educational services at the college.

<table>
<thead>
<tr>
<th>Coding</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>STUDENT DIRECTED TO COUNSELING /ADVICEMENT SERVICES or EDUCATION PLAN DEVELOPMENT</td>
<td>A</td>
</tr>
<tr>
<td>STUDENT EXEMPTED FROM COUNSELING /ADVICEMENT SERVICES or EDUCATION PLAN DEVELOPMENT</td>
<td>D</td>
</tr>
<tr>
<td></td>
<td>O</td>
</tr>
<tr>
<td></td>
<td>Y</td>
</tr>
</tbody>
</table>

1. Up to two exemption reasons may be coded. Code unused positions with “Y”s, that is, if student was not exempted, code “AYYY”. If student was exempted based on both possession of a degree and other criteria, code “DOYY”.

2. All 4 positions must be valid according to these specifications. If one position is invalid, the entire field is considered an exception and the record will be rejected.
This element indicates whether the student received *initial* orientation services as a part of the matriculation process at the college.

<table>
<thead>
<tr>
<th>Coding</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Student <em>did</em> participate in <em>initial</em> orientation services.</td>
</tr>
<tr>
<td>N</td>
<td>Student <em>did not</em> participate in initial orientation services.</td>
</tr>
<tr>
<td>R</td>
<td>Student <em>refused</em> orientation services. This code should be used only when there is a documented decision by the student to not receive the service. &quot;No-shows&quot; should be coded &quot;N&quot;.</td>
</tr>
</tbody>
</table>

1. Once coded as "A", it remains an "A" in each subsequent term. *This data element is reported during the term when the service was provided.*
### SM08 – Student – Assessment – Services - Placement

<table>
<thead>
<tr>
<th>SM08</th>
<th>STUDENT-INITIAL ASSESSMENT-SERVICES-PLACEMENT</th>
<th>X (4)</th>
</tr>
</thead>
</table>

This element indicates whether the student received assessment services for initial course placement as a part of the matriculation process of the college.

### Coding | Meaning

**STUDENT RECEIVED INITIAL ASSESSMENT SERVICES**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H</td>
<td>Student received placement services based on alternative multiple measures <em>in lieu of</em> an assessment test.</td>
</tr>
<tr>
<td>B</td>
<td>Student received placement services <em>based on</em> assessment testing and alternate multiple measures.</td>
</tr>
<tr>
<td>C</td>
<td>Student received placement services based on placement results from other college or university</td>
</tr>
<tr>
<td>E</td>
<td>Student received placement services based on Early Assessment Program (EAP) test results</td>
</tr>
</tbody>
</table>

**STUDENT DID NOT RECEIVE ASSESSMENT SERVICES**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>Student did not participate in assessment placement services <em>during the reporting term.</em></td>
</tr>
<tr>
<td>R</td>
<td>Student refused assessment placement services. This code should be used only when there is a documented decision by the student to not receive the service. &quot;No shows&quot; should be coded &quot;N&quot;.</td>
</tr>
</tbody>
</table>

1. *This data element is reported during the term when the service was provided.*

2. May report multiple options.
This element indicates whether the student received other supportive assessment services as part of the matriculation process at the reporting college during the reporting term. The assessments below may be determined with an assessment instrument or through consultation with a counselor or academic advisor.

The three positions in this field refer to the following services respectively:

<table>
<thead>
<tr>
<th>Position</th>
<th>Service Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Aptitude Assessment</td>
</tr>
<tr>
<td>2</td>
<td>Study / Learning-Skills Assessment</td>
</tr>
<tr>
<td>3</td>
<td>Career Planning / Interest Assessment</td>
</tr>
</tbody>
</table>

**Coding | Meaning**

- A  | Student did participate.
- N  | Student did not participate.
- ¥  | Not applicable — service not available.
### SM10 – Student Matriculation – Study Skills Evaluation Services

<table>
<thead>
<tr>
<th>DED#</th>
<th>DATA ELEMENT NAME</th>
<th>FORMAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>SM10</td>
<td>STUDENT-MATRICULATION-STUDY-SKILLS-EVAlUATION-SERVS</td>
<td>X</td>
</tr>
</tbody>
</table>

This element indicates whether the student received an evaluation of his / her learning and study skills from the matriculation program of the college.

**DELETED**

- Deleted: 01/02/91
- Implement: 06/01/89

### SM11 – Student Matriculation Special Services Referral

<table>
<thead>
<tr>
<th>DED#</th>
<th>DATA ELEMENT NAME</th>
<th>FORMAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>SM11</td>
<td>STUDENT-MATRICULATION-SPECIAL-SERVICES-REFERRAL</td>
<td>X</td>
</tr>
</tbody>
</table>

This element indicates whether the student received a referral from the matriculation program of the college to specialized support or supplemental assessment services.

**DELETED**

- Deleted: 01/02/91
- Implement: 06/01/89
This element indicates whether the student received counseling/advisement services during the reporting term.

<table>
<thead>
<tr>
<th>Coding</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Student received counseling/advisement services <em>during the reporting term.</em></td>
</tr>
<tr>
<td>P</td>
<td>Student received assistance in development of a Student Education Plan.</td>
</tr>
<tr>
<td>N</td>
<td>Student did <strong>not</strong> participate in counseling or advisement services <em>during the reporting term.</em></td>
</tr>
<tr>
<td>R</td>
<td>Student <strong>refused</strong> counseling/advisement services. This code should be used only when there is a documented decision by the student not to receive the service. “No shows” should be coded “N”.</td>
</tr>
</tbody>
</table>

1. Counseling and advisement service refers to a substantive interaction between a counselor or advisor and a student. Report the counselor or advisor contact in this element. The counselor or advisor contact can take place during individual appointments or group advising/counseling.

2. Data reported for SM12 is term based. Districts should report whether the student received counseling or advising services during the reporting term.
### Coding | Meaning

<table>
<thead>
<tr>
<th>STUDENT RECEIVED ACADEMIC PROGRESS-PROBATION SERVICE ACADEMIC-FOLLOW-UP-SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
</tr>
<tr>
<td>D</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STUDENT DID NOT RECEIVE ACADEMIC PROGRESS-PROBATION SERVICE ACADEMIC-FOLLOW-UP</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
</tr>
</tbody>
</table>

1. Report activity to support a student’s academic progress in this element. **These activities can include, but are not limited to, the following examples:** academic probation intervention/services, student success workshops, etc. Exclusions: Tutoring and student success courses for which apportionment is generated; early alert notification through college’s SIS that do not result in the delivery of a service.

2. **This data element is reported each term for services provided during the term.**
**SMX** | **STUDENT-STUDENT SUCCESS OTHER ACADEMIC-FOLLOW-UP-SERVICES** | **X (4)**
--- | --- | ---

This element indicates whether the student received other types of student success support services during the reporting term, including career interest assessment and exploration, other orientations beyond the initial orientation, other education planning services.

<table>
<thead>
<tr>
<th>Coding</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STUDENT RECEIVED</strong></td>
<td><strong>OTHER STUDENT SUCCESS SERVICES ACADEMIC-FOLLOW-UP-SERVICES</strong></td>
</tr>
<tr>
<td>A</td>
<td>Student received other orientation service.</td>
</tr>
<tr>
<td>C</td>
<td>Student received career, interest, or subsequent placement assessment</td>
</tr>
<tr>
<td>D</td>
<td>Student received other follow-up education planning service.</td>
</tr>
<tr>
<td>E</td>
<td>Student received other academic progress service.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>STUDENT DID NOT RECEIVE</strong></th>
<th><strong>OTHER STUDENT SUCCESS SERVICES ACADEMIC-FOLLOW-UP</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>Student did not receive other student success follow-up service.</td>
</tr>
</tbody>
</table>

1. Report activity to support a student’s academic progress in this element. **These activities can include, but are not limited to, the following examples:** career or interest assessments, student success workshops, etc. Exclusions: Tutoring and student success courses for which apportionment is generated; early alert notification through college’s SIS that do not result in the delivery of a service. “D-other follow-up education planning service” is intended to capture subsequent education plan development or revisions. “E” may include early degree audit/graduation check, dean’s list, etc.

2. **This data element is reported each term for services provided during the term.**
<table>
<thead>
<tr>
<th>SM14</th>
<th>STUDENT-CAREER GOAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This element describes the student's career goal while enrolled in the reporting college and as they change throughout the student's academic career. This information is in addition to SB?? (the new career goal data element from CCCApply) and is collected after that element has been recorded. The distinction between the elements is an important one: where SBXX records the initial career goal of the student during the application process, this element documents the current goal of the student.</td>
</tr>
<tr>
<td></td>
<td>Enter the student’s primary goal.</td>
</tr>
<tr>
<td></td>
<td><strong>Coding</strong></td>
</tr>
<tr>
<td></td>
<td>Enter the O*NET code of a valid career pathway or career field of interest indicated by the student.</td>
</tr>
<tr>
<td></td>
<td>May be updated each term.</td>
</tr>
</tbody>
</table>
This element indicates whether the student developed an education plan at the college in the term reported.

<table>
<thead>
<tr>
<th>Coding</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TYPE OF STUDENT EDUCATION PLAN DEVELOPED</strong></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Student developed an abbreviated education plan.</td>
</tr>
<tr>
<td>C</td>
<td>Student developed a comprehensive education plan.</td>
</tr>
<tr>
<td><strong>STUDENT DID NOT COMPLETE AN EDUCATION PLAN DURING THE TERM</strong></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>Student did not complete an education plan during the term.</td>
</tr>
</tbody>
</table>

1. Abbreviated student education plans are one to two terms in length designed to meet the immediate needs of students for whom a comprehensive plan is not appropriate. For the DSPS program, the Student Education Contract (SEC) may be used to meet the abbreviated education plan.

2. The comprehensive plan helps the student achieve their course of study. The comprehensive plan includes, but is not limited to, addressing the education goal and course of study requirements, such as the requirements for the major, transfer, certificate, program, applicable course prerequisites or co-requisites, the need for basic skills, assessment placement results, and the need for additional services (referral to other support and instructional services as appropriate). The comprehensive student education plan is tailored to meet the individual needs and interests of the student and may include other elements to satisfy participation requirements for programs such as EOPS, DSPS, CalWORKs, veteran programs, student athletes, and others.

3. Student Education Plans completed through other programs, such as DSPS, EOPS/CARE, CalWORKs, and others may be included for reporting purposes.
Federal Update

U.S. House of Representatives 2014 Budget Resolution
Representative Paul Ryan (R-WI) released the House of Representative’s 2014 Budget Resolution on March 12, 2013. The House went on to approve this budget in a 221-207 vote, with only 10 Republicans voting against it. The House Budget plans on balancing the Budget by 2023 without raising taxes. Major spending cuts would be put in place which would reduce the U.S. deficit by $4.6 trillion over the next 10 years. In fiscal year 2014, the House Budget has set a government spending cap of $966 billion of which $414 billion will be the cap for nondefense discretionary funding.

This Budget changes the Pell Grant program in the following ways:
1) mandatory funding for the Pell Grant program would be eliminated, and instead would be a discretionary program;
2) the maximum Pell Grant award would be set at $5,645 and will remain at that amount through 2023;
3) less-than-half-time students would be eliminated from the Pell Grant program;
4) schools will no longer receive $5 per grant to administer and distribute the Pell Grant awards; and
5) an undetermined income limit will be placed on Pell grant recipients.

The House Budget will also eliminate mandatory funding for the Trade Adjustment Assistance Community College and Career Training Grant and the College Access Challenge Grants. As for workforce training, the House Budget would consolidate job-training programs based on reforms in the SKILLS Act (H.R. 803) and would provide for a career-scholarship fund. It would also change the program’s accountability by tracking the type of training provided, the cost per trainee, employment after training, and whether the trainee secures a job in his or her preferred field. Representative Ryan’s budget would also repeal President Obama’s health-care reform law known as the Affordable Care Act.

U.S. Senate 2014 Budget Resolution
On March 23, 2013 the Senate passed its first budget in four years by a vote of 50 to 49. Senate Budget Committee Chairwoman Patty Murray (D-WA) stated that, “the highest priority of the Senate Budget is to create the conditions for job creation, economic growth, and prosperity built from the middle out, not the top down. This is what people across the country say they want first and foremost, and this budget delivers on it.” The Senate Budget contains $975 billion in spending cuts and would raise taxes by $975 billion over the next decade. $960 billion would be directed to repeal and replace the sequester. It also turns off $1.2 trillion in automatic cuts scheduled over nine years. As for higher education, this budget would allocate $10 billion to invest in workforce training programs and would continue to fund the Workforce Investment
Act, maintain automatic increases to the maximum award level for the Pell Grant program, and permanently extend the American Opportunity Tax Credit.

**President Obama’s 2014 Budget Proposal**

President Barack Obama’s $3.78 trillion 2014 budget proposal was released on April 10, 2013. His budget includes $100 billion in new defense cuts, $100 billion in nondefense agency cuts, and $200 billion in cuts to mandatory spending. It would reduce the deficit by $1.8 trillion over 10 years and would raise more than $580 billion in new taxes from households earning over $1 million per year. The education portion of the budget reflects the President’s interest in education as an investment in the nation’s economic competitiveness. The President’s Budget increases discretionary spending for the Department of Education by 4.6 percent, to $71.2 billion and provides funding to support an increase in the maximum Pell Grant award, which is projected to be $5,735 for the 2014-15 academic year.

The President’s budget creates a $1 billion Race-to-the-Top fund to provide competitive grants to states that drive higher education reform and would provide incentives for states to do more to contain college costs. A First in the World program would be created and funded at $260 million to spur cutting-edge innovations that decrease college costs and boost graduation rates. President Obama’s budget would increase funding for the Work Study Program by $150 million and would make permanent the American Opportunity Tax Credit. The President’s Budget creates a Community College to Career Fund to be administered by the Departments of Labor and Education to provide $8 billion to support state and community college partnerships with businesses and other stakeholders.

**Other Congressional Community Colleges Bills of Interest**

**H.R. 357: GI Bill Tuition Fairness Act of 2013**

This bipartisan legislation introduced by Representative Jeff Miller (R-FL), Chairman of the House Veterans Committee, and ranking member Representative Mike Michaud (D-ME), would require schools eligible for GI Bill education benefits to give veterans in-state tuition rates even though they may not be residents of the states where the schools are located. This bill is currently in the House Veterans' Affairs Committee waiting to be heard.

**H.R. 359: CAMPUS Safety Act of 2013**

This bill, introduced by Representative Robert Scott (D-VA) would establish and operate a National Center for Campus Public Safety. The Center would: (1) provide quality education and training for public safety personnel of institutions of higher education and their collaborative partners, including campus mental health agencies; (2) foster quality research to strengthen the safety and security of institutions of higher education; and (3) serve as a clearinghouse for the identification and dissemination of information, policies, protocols, procedures, and best practices relevant to campus public safety, including off-campus housing safety, the prevention of violence against persons and property, and emergency response and evacuation procedures. This bill is waiting to be heard in the House Judiciary Committee.
H.R. 798: Workforce Investment Act Reauthorization
The Democrats introduced H.R. 798 by Representative John Tierney (D-MA), a bill that competes with H.R. 803 to reauthorize the Workforce Investment Act of 1998. H.R. 798 seeks to strengthen the United States workforce investment system through innovation, alignment and improvement of employment, training, and education programs, and promotes national economic growth. Unlike H.R. 803, this bill does not consolidate funding streams, it maintains the community college representation on WIBs, and it authorizes President Obama’s proposed $8 billion Community College to Career Fund. H.R. 798 is in the House Education and the Workforce Committee awaiting to be heard.

H.R. 803: The Support Knowledge and Investing in Lifelong Skills Act (SKILLS Act)
H.R. 803, also known as the SKILLS Act addresses statewide and local workforce investment systems and activities, identification of eligible training services providers, and use of funds for employment and training activities. This bill would facilitate greater collaboration with community colleges by allowing states to determine the standards required for eligible training providers and allows local boards to contract with community colleges directly to provide training to large groups of participants instead of an individual basis. H.R. 803 consolidates 35 existing streams of funding into a single Workforce Investment Fund. This is a Republican bill, introduced by Representative Virginia Foxx (R-NC) that passed out of the House Education and Workforce Committee with a 23-0 vote. No Democrats on the Committee voted on the bill because they had left the hearing earlier in protest from not being included in the drafting of the bill. This bill passed on the House floor 215-202, with only two Democrats in support. It is now being considered in the Senate Health, Education, Labor and Pensions Committee.

S. 3: Strengthen our Schools and Students Act
Introduced on January 22, 2013 by Senator Harry Reid (D-NV) Senate Bill 3, among other things, would build on recent efforts to make higher education more affordable and to improve access and success for all students. It provides all teachers with support to ensure student success, including the creation of a new national Science, Technology, Engineering, and Mathematics (STEM) Master Teacher Corps to recognize and help retain STEM teachers and strengthen STEM education in public schools in the United States. This bill is on its second read in the Senate Health, Education, Labor and Pensions Committee.

S. 216: Tyler Clementi Higher Education Anti-Harassment Act of 2013
Senator Frank Lautenberg (D-NJ) introduced Senate Bill 216 on February 4, 2013 to prevent harassment at institutions of higher education. It would authorize the United States Secretary of Education to award grants, on a competitive basis, to eligible entities to enable them to carry out authorized activities such as counseling or redress services to students who have suffered from harassment or students who have been accused of subjecting other students to such harassment; or to educate or train students, faculty, or staff of institutions of higher education about ways to prevent harassment or ways to address such harassment if it occurs. This bill is on its second read in the Senate Health, Education, Labor and Pensions Committee.
<table>
<thead>
<tr>
<th>BILL</th>
<th>AUTHOR</th>
<th>SUBJECT</th>
<th>First House</th>
<th>Second House</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB 13</td>
<td>Chavez</td>
<td>Nonresident Tuition Exemption: Veterans (Support)</td>
<td>x</td>
<td>x</td>
<td>Asm. Approp.</td>
</tr>
<tr>
<td>AB 29</td>
<td>Williams</td>
<td>Proposition 39: Implementation</td>
<td>x</td>
<td>x</td>
<td>Asm. U and C</td>
</tr>
<tr>
<td>AB 39</td>
<td>Skinner</td>
<td>Proposition 39: Implementation</td>
<td>x</td>
<td>x</td>
<td>Asm. U and C</td>
</tr>
<tr>
<td>AB 41</td>
<td>Buchanan</td>
<td>Bond Act of 2014 (K-12) (Support)</td>
<td>x</td>
<td>x</td>
<td>Asm. Education</td>
</tr>
<tr>
<td>AB 51</td>
<td>Logue</td>
<td>Public Postsecondary Education: Degree Pilot Program</td>
<td>x</td>
<td>x</td>
<td>Asm. Higher Education</td>
</tr>
<tr>
<td>AB 114</td>
<td>Salas</td>
<td>Proposition 39: Implementation</td>
<td>x</td>
<td>x</td>
<td>Asm. U and C</td>
</tr>
<tr>
<td>AB 181</td>
<td>Logue</td>
<td>Public Postsecondary Education: Degree Pilot Program</td>
<td>x</td>
<td>x</td>
<td>Asm. Higher Education</td>
</tr>
<tr>
<td>AB 182</td>
<td>Buchanan</td>
<td>Bonds: School Districts and Community College Districts (Capitol Appreciation Bond)</td>
<td>x</td>
<td>o</td>
<td>x</td>
</tr>
<tr>
<td>AB 213</td>
<td>Logue</td>
<td>Healing Arts: Certification: Military Experience</td>
<td>x</td>
<td>x</td>
<td>Asm. Veteran Affairs</td>
</tr>
<tr>
<td>AB 233</td>
<td>Wieckowski</td>
<td>Wage Garnishment: Exempt Earnings (Student Loans)</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>AB 283</td>
<td>Bloom</td>
<td>Community Colleges: Property Tax Revenues (Support)</td>
<td>x</td>
<td>x</td>
<td>Asm. Approp.</td>
</tr>
<tr>
<td>AB 303</td>
<td>Calderon</td>
<td>Cal Grant Program: Armed Forces Members: Former Members (Support)</td>
<td>x</td>
<td>x</td>
<td>Asm. Higher Education</td>
</tr>
<tr>
<td>AB 368</td>
<td>Morrell</td>
<td>Public Postsecondary Education: Resident Classification - Armed Forces</td>
<td>x</td>
<td>x</td>
<td>Asm. Higher Education</td>
</tr>
<tr>
<td>AB 387</td>
<td>Levine</td>
<td>Public Postsecondary Education: CSU: Online Education</td>
<td>x</td>
<td>x</td>
<td>Asm. Higher Education</td>
</tr>
<tr>
<td>AB 388</td>
<td>Chesbro</td>
<td>Community Colleges: Student Success Act of 2012</td>
<td>x</td>
<td>x</td>
<td>Asm. Higher Education</td>
</tr>
<tr>
<td>AB 409</td>
<td>Quirk-Silva</td>
<td>Student Veterans: Services</td>
<td>x</td>
<td>x</td>
<td>Asm. Approp.</td>
</tr>
<tr>
<td>AB 447</td>
<td>Williams</td>
<td>Community Colleges: Organizations of Governing Boards: Nonvoting Student Members</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>AB 450</td>
<td>Jones</td>
<td>Postsecondary Education: Community College Trustee (LACCD)</td>
<td>x</td>
<td>x</td>
<td>Asm. Approp.</td>
</tr>
<tr>
<td>AB 595</td>
<td>Gomez</td>
<td>Community Colleges: Priority Enrollment (EOPS/Disabled Students)</td>
<td>x</td>
<td>x</td>
<td>Asm. Approp.</td>
</tr>
<tr>
<td>AB 606</td>
<td>Williams</td>
<td>Student Financial Aid: Community Colleges</td>
<td>x</td>
<td>x</td>
<td>Asm. Approps. Suspense</td>
</tr>
<tr>
<td>AB 660</td>
<td>Nazarian</td>
<td>Veterans: Postsecondary Education (Spot)</td>
<td>x</td>
<td>x</td>
<td>Introduced</td>
</tr>
<tr>
<td>AB 697</td>
<td>Gomez</td>
<td>Nursing Education: Service in State veterans Homes</td>
<td>x</td>
<td>x</td>
<td>Asm. Health and V.A.</td>
</tr>
<tr>
<td>AB 733</td>
<td>Mansoor</td>
<td>Community Colleges: Credit for Military Training</td>
<td>x</td>
<td>x</td>
<td>Introduced</td>
</tr>
<tr>
<td>AB 806</td>
<td>Wilk</td>
<td>Community Colleges: Salaries of Classroom Instructors</td>
<td>x</td>
<td>x</td>
<td>Asm. Higher Education</td>
</tr>
<tr>
<td>AB 859</td>
<td>Gomez</td>
<td>Professions and Vocational: Military Medical Personnel (Spot)</td>
<td>x</td>
<td>x</td>
<td>Introduced</td>
</tr>
<tr>
<td>AB 895</td>
<td>Rendon</td>
<td>Postsecondary Online Education: Task Force</td>
<td>x</td>
<td>x</td>
<td>Asm. Higher Education</td>
</tr>
<tr>
<td>AB 955</td>
<td>Williams</td>
<td>Community Colleges: Intersession Extension Programs (Spot)</td>
<td>x</td>
<td>x</td>
<td>Asm. Approp.</td>
</tr>
<tr>
<td>AB 1100</td>
<td>Levine</td>
<td>Telecommunications (Support)</td>
<td>x</td>
<td>x</td>
<td>Asm. Approp.</td>
</tr>
<tr>
<td>AB 1162</td>
<td>Frazier</td>
<td>Student Financial Aid: Debit Cards</td>
<td>x</td>
<td>x</td>
<td>Asm. Approp.</td>
</tr>
<tr>
<td>AB 1199</td>
<td>Fong</td>
<td>Community Colleges: Funding (Stabilization/Accreditation)</td>
<td>x</td>
<td>x</td>
<td>Asm. Higher Education</td>
</tr>
<tr>
<td>AB 1241</td>
<td>Weber</td>
<td>Student Financial Aid Cal Grant (Support)</td>
<td>x</td>
<td>x</td>
<td>Asm. Approp.</td>
</tr>
<tr>
<td>AB 1285</td>
<td>Fong</td>
<td>Student Financial Aid: Cal Grant Program</td>
<td>x</td>
<td>x</td>
<td>Asm. Approp.</td>
</tr>
<tr>
<td>AB 1287</td>
<td>Quirk-Silva</td>
<td>Student Financial Aid: Cal Grant Eligibility</td>
<td>x</td>
<td>x</td>
<td>Asm. Approp.</td>
</tr>
<tr>
<td>AB 1348</td>
<td>Perez J.</td>
<td>California Higher Education Authority</td>
<td>x</td>
<td>x</td>
<td>Asm. Higher Education</td>
</tr>
<tr>
<td>AB 1358</td>
<td>Fong</td>
<td>Student Body Association: Student Representation Fee</td>
<td>x</td>
<td>x</td>
<td>Asm. Higher Education</td>
</tr>
<tr>
<td>AB 1364</td>
<td>Ting</td>
<td>Student Financial Aid: Cal Grant Program (Support)</td>
<td>x</td>
<td>x</td>
<td>Asm. Approp.</td>
</tr>
<tr>
<td>SB 35</td>
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## California Community College Chancellor's Office Legislative Tracking Matrix
### 2013 Legislative Session: 4/17/2013

### BILL | AUTHOR | SUBJECT | First House | Second House | STATUS
---|---|---|---|---|---
AB 479 | Donnelly | Sales and Use Taxes: Exemptions: Textbooks | x | | Asm. Rev. & Tax.
AB 484 | Bonilla | Pupil Assessment: Temporary Suspension | x | | Asm. Education
AB 534 | Wieckowski | Postsecondary: Institutional and Financial Assistance | x | | Asm. Higher Education
AB 544 | Wilk | Career Technical Education (Spot) | x | | Introduced
AB 548 | Salas | California Workforce Investment Board (Spot) | x | | Introduced
AB 586 | Fox | Community Colleges (Spot) | x | | Introduced
AB 646 | Cooley | Public Education Governance (Regional P-20 Council) | x | | Asm. Ed. And Higher Ed.
AB 675 | Fong | Community Colleges: Employment of Faculty | x | | Asm. Higher Education
AB 684 | Medina | Workforce Training: General Educational Development (GED) Test Preparation: Grants | x | x | Asm. Approps.
AB 777 | Muratsuchi | Adult Education: Fees (K-12) | x | | Asm. Education
AB 792 | Mullin | Local Government: Open Meetings | x | x | x | Asm. Floor
AB 832 | Weber | Electronic Benefits Transfer Cards: State Colleges Campuses | x | | Asm. Human Services
AB 837 | Campos | Economic Development Programs: Reporting | x | | Asm. J., E.D. & E.
AB 944 | Nestande | Distance Learning (Spot) (Report to Legislature on Workload) | x | | Asm. Higher Education
AB 950 | Chau | Community Colleges: Full-Time Instructors (Workload) | x | x | x | Asm. Floor
AB 1014 | Williams | Shared Renewable Energy Self-Generation Program | x | x | Asm. U. & C.
AB 1025 | Garcia | Public Postsecondary Education: Credit by Examination | x | x | x | Asm. Floor
AB 1030 | Cooley | Community Colleges: Organization of Governing Boards: Nonvoting Student Members | x | | Asm. Floor
AB 1031 | Achadjian | Local Government Open Meetings | x | | Introduced
AB 1099 | Fong | Postsecondary Education: Disabled Student Services (Spot) | x | | Introduced
AB 1146 | Morrell | Pupils: Concurrent Enrollment in Secondary school and Community College | x | | Asm. Education
AB 1224 | Harkey | Postsecondary Education (Spot) | x | | Introduced
AB 1271 | Bonta | Economic Development | x | | Asm. Higher Education
AB 1300 | Hernandez R. | Credit Cards: Oral Disclosures | x | | Asm. B. and F. and Jud.
AB 1306 | Wilk | Public Postsecondary Education | x | | Asm. Higher Education
AB 1318 | Bonilla | Student Financial Aid: Cal Grant Program | x | x | Asm. Approps.
ACA 2 | Nestande | Education Finance: Payment of State Apportionments | x | | Asm. Education
ACR 20 | Logue | Postsecondary Education: World Religions Instruction (Sikhism) | x | o | x | Asm. Rules
SB 8 | Yee | Public Postsecondary Education: Executive Compensation UC, CSU | x | | Senate Education
SB 64 | Corbett | Proposition 39: Implementation | x | x | Senate Approps.
SB 118 | Lieu | Unemployment Insurance: Education and Workforce (WIA) | x | x | x | Senate Floor
SB 176 | Galgiani | Administrative Procedures (State Agencies - Posting Regulations) | x | x | Senate Approps.
SB 212 | Pavely | Student Financial Aid: Assumption Program of Loans (Spot) | x | | Senate Rules
SB 229 | Knight | Student Financial Aid Fraud (Spot) | x | | Senate Rules
SB 240 | Yee | Polling Places: Higher Education Campuses | x | | Senate Education
SB 524 | Lara | Pupil Instruction: Pathways Curriculum Task Force | x | | Senate Education
SB 570 | DeSaulnier | Local Government: Open Meetings (Spot) (Brown Act) | x | | Senate Rules
SB 590 | De Leon | Classified School Employee Staff Development: Training | x | x | Senate Approps.
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<td>AB 785</td>
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<td>AB 855</td>
<td>Brown</td>
<td>State Employees: Absence Without Leave: Reinstatement</td>
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<td>Public Employees: Rights</td>
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<td>AB 925</td>
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<td>ACR 12</td>
<td>Calderon</td>
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<td>SB 24</td>
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<td>Public Employees' Retirement: Benefit Plans</td>
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<td>SB 185</td>
<td>Walters</td>
<td>Instructional Materials: Digital Format (K-12)</td>
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<td>SB 215</td>
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<td>Public Employees Retirement</td>
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<td>SB 218</td>
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<td>Beall</td>
<td>Public Employees' Pension Reform Act: Administration</td>
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<td>Senate P.E. &amp; R.</td>
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<td>SB 259</td>
<td>Hancock</td>
<td>Higher Education Employer Employee Relations Act</td>
<td>x</td>
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<td>SB 276</td>
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<td>Public Contracts: Small Business Contacts</td>
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<td>SB 280</td>
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<td>State Government: Data Collection</td>
<td>x</td>
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<td>SB 297</td>
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<td>Public Contracts: Disabled Veterans</td>
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<td>SB 325</td>
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<td>Trustees of the State University: Student Members</td>
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<td>SB 331</td>
<td>Liu</td>
<td>California Library Services Act: Statewide Intranet</td>
<td>x</td>
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<td>Senate Approps. Suspense</td>
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<td>SB 399</td>
<td>Wright</td>
<td>State Contracts: Expedite Payment Procedure</td>
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<td>Senate G.O.</td>
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<td>SB 417</td>
<td>Berryhill</td>
<td>Public Buildings and Works: Qualifications of Contractors</td>
<td>x</td>
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<td>Senate B., P. and E.D.</td>
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<td>SB 421</td>
<td>Hernandez E</td>
<td>Pupil Instruction: International Baccalaureate Diploma</td>
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<td>SB 481</td>
<td>Huff</td>
<td>California Public Employees Pension Reform Act of 2013</td>
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<td>Senate Rules</td>
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<tr>
<td>SB 517</td>
<td>Wyland</td>
<td>Invigorating Science, Technology, Engineering, and Mathematics (STEM) Teacher Preparation Grant Program</td>
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<td>SB 733</td>
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<td>SB 774</td>
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<td>SCR 10</td>
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<td>SCR 12</td>
<td>Calderon</td>
<td>Taxation</td>
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**BILLS TRACKED BY THE CHANCELLOR'S OFFICE - 2 year Bills**

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<td>SB 265</td>
<td>Lara</td>
<td>Postsecondary Education: Electronic Textbooks (Spot)</td>
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**BILLS TRACKED BY THE CHANCELLOR'S OFFICE - Budget**

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<th>BILL</th>
<th>AUTHOR</th>
<th>SUBJECT</th>
<th>First House</th>
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<tr>
<td>AB 73</td>
<td>Blumenfield</td>
<td>Budget Act of 2013</td>
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<tr>
<td>SB 65</td>
<td>Leno</td>
<td>Budget Act of 2013</td>
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</tr>
</tbody>
</table>

Concurrence = The bill needs approval by the house of origin if that bill that has been amended in the second house. If the author is unwilling to move the bill as amended by the other house, the author requests "nonconcurrence" and for the formation of a conference committee.

Status

Held = The bill was placed in the inactive file, kept in the committee w/o a vote, its hearing was cancelled, or it did not meet legislative deadlines.

Failed = The bill was heard in committee or on the floor and did not pass. Reconsideration may have been granted.

Contact: Justin C. Salenik, Governmental Relations - jsalenik@cccco.edu - 916.324.2547

Copies of these bills and legislative committee analyses can be found at www.leginfo.ca.gov.
Proposed SB 1456 Student Success & Support Program
Credit Funding Formula

Collge’s Potential Population of Students to Receive Services

- Unduplicated Credit Student Headcount*
  (academic year = summer, fall, winter, spring)

Students Served at the College

- Base Funding
  Floor $35k or 10% (whichever is greater)

College Match

- Initial Orientation (SM07) ** 10%
- Initial Assessment (SM08) ** 10%
- Abbreviated SEP ** 10%
- Comprehensive SEP 35%
- At Risk Follow-UpSvc (SM09) 15%
- Other Follow-UpSvc 5%

40%

60%

3:1***

*Includes CA resident students enrolled as of census in at least 0.5 credit units, (STD7) headcount status
**“A,” “B,” “C,” excludes special admits
***Initial may include A&R and research

*Includes pre-enrollment services provided for students with SB record, but no enrollment

**Includes pre-enrollment services provided for students with SB record, but no enrollment

***Initial may include
A&R and research
Proposed SB 1456 Student Success & Support Program Credit Funding Formula
April 12, 2013

Background:
On September 28, 2012, Governor Brown signed Senate Bill 1456, the Student Success Act of 2012, into law. The bill requires the Board of Governors to adopt a new funding formula for the Student Success and Support Program (formerly Matriculation) to allocate funds to colleges. The new law requires the funding formula to include (but not be limited to) the following 3 elements: (1) students to be served; (2) students who received orientation, assessment, counseling/advising, and student education planning services; and, (3) a match requirement.

Beginning November 2012, a 19 member workgroup was convened to review and revise the current MIS data elements reported for matriculation and to develop a new funding formula consistent with SB 1456. The workgroup included a broad representation of system stakeholders: Chief Student Services Officers (2); Matriculation Dean/Coordinators (5); Assessment (1); Chief Instructional Officers (1); Academic Senate for California Community Colleges (2 faculty); Student Senate for California Community Colleges (1); Chief Business Officer (2); Research (2); and MIS (3). The workgroup met over the course of five months and developed a funding formula proposal (described below) using a combination of a general consensus and majority vote decision-making process.

Total State appropriation for the credit Student Success & Support Service Program (formerly Matriculation):

- 40/60 split between headcount & services provided
- Allocations generated by college

Recommended implementation timeline:

- If adopted by the BOG, the new funding formula would be phased in. Colleges’ allocations (unless the state’s SSSP appropriation increases) would remain the same for 2013-14 and 2014-15 to allow colleges to make any MIS programming changes and ensure accurate and consistent reporting of student data.

- The new funding formula would be run to generate allocations for 2015-16 (based on 2014-15 data).

- The workgroup recommends a phase-in approach when the allocation formula is applied: For the first year, 2015-16, protect colleges at 80% of prior year funding; and, for the second year, 2016-17, protect colleges at 50% of prior year funding.

Proposed Funding Formula:

- 40% College’s Potential Population of Students to Receive Services
- 60% Students Served at the College
- College Match
<table>
<thead>
<tr>
<th><strong>40% College’s Potential Population of Students to Receive Services</strong></th>
<th><strong>60% Students Served at the College</strong></th>
<th><strong>College Match</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unduplicated Credit Student Headcount <em>(academic year = summer, fall, winter, spring)</em></td>
<td>Initial Orientation 10%</td>
<td>3:1</td>
</tr>
<tr>
<td>Base Funding Floor $35K or 10% <em>(of total state appropriation increases, whichever is greater)</em></td>
<td>Initial Assessment 10%</td>
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<td></td>
<td>Abbreviated SEP 10%</td>
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<td>Counseling/Advising 15%</td>
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<td>Comprehensive SEP 30%</td>
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<td></td>
<td>At Risk Follow-Up Svc 15%</td>
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<tr>
<td></td>
<td>Other Follow-Up Svc 10%</td>
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</tbody>
</table>

**Detail:**
- Includes CA resident students enrolled as of census in at least 0.5 credit units, (STD7) headcount status “A,” “B,” “C,” excludes special admits
- DSPS and EOPS students and matriculation services provided are included in the counts

**Detail:**
- Academic year= summer, fall, winter, spring
- Includes pre-enrollment services provided for students with SB record, but no enrollment record for initial orientation, initial assessment, and abbreviated SEP
- “New” student at the college definition also allows for a student who stops out for three years, but then “returns”

**Funded services based on weights list above for services provided to the student during the reported term:**
- **Initial Orientation (10%):** count once during time student attends the college
- **Initial Assessment (10%):** count once during time student attends the college
- **Abbreviated SEP (10%):** count once per student during time student attends the college
- **Counseling/Advising (15%):** count once per year per student during time student attends the college
- **Comprehensive SEP (30%):** count once per student during time student attends the college *(a student who needs their SEP revised or a new SEP in subsequent terms would be reported under “other follow-up service.”)*
- **At Risk Follow-Up Svc (15%):** count once per term during time student attends the college *(after first term)*
- **Other Follow-Up Svc (10%):** count up to four times during the year during time student attends the college *(after first term)*

**Detail:**
- 3:1 match that allows colleges to count A&R, research, and student service technology towards the match
Funding Proposal Rationale:

1. Base funding of $35,000 (or 10%, whichever is greater) plus unduplicated credit student headcount provides a level of funding protection for smaller colleges while at the same time providing a proportionate share of funding for colleges with larger student populations.

2. A 40/60 split in the total state credit Student Success and Support Program appropriation provides colleges with a base funding on credit student unduplicated headcount, while creating an incentive for colleges to serve greater numbers of students.

3. For the 60% total state credit SSSP appropriation, 30% would be specifically be targeted to provide services to new students (initial orientation, initial assessment, and abbreviated SEP- considered one time services).

4. Based on the latest research which highlights the importance of providing core services to students upon entry and ensuring students receive services along their pathway to completion, the funding also targets to the provision of services for continuing students. Given the importance of ensuring students identify a course of study and develop an SEP, a greater weight was placed on the comprehensive SEP (which based on the proposed title 5 regulations would be required by first time students who earn 15 degree-applicable units or before the end of the 3rd term).

5. Pre-enrollment services are also funded under the proposed model as part of the funding targeted for initial orientation, initial assessment, and abbreviated SEPs (for students who were served by the college and applied, but who subsequently did not enroll). This would incentivize colleges who have programs in place to transition high school seniors to college (early start) to continue to do so.

6. What the funded services include:
   - **Initial orientation**: for first time students, can be provided pre or post enrollment (*counted one per student during the student’s enrollment at the college*);
   - **Initial assessment**: for first time students, can be provided pre or post enrollment (*counted one per student during the student’s enrollment at the college*);
   - **Abbreviated SEP**: one to two term SEP, can be provided pre or post enrollment (*counted one per student during the student’s enrollment at the college*);
   - **Counseling/advising**: in person counseling or advising provided to a student or group of students; may be pre-enrollment or post-enrollment;
   - **Comprehensive SEP**: a more detailed SEP (not simply a list of classes- a definition is provided in the proposed title 5 regs) that in general is longer than one term; if a student identifies a course of study as they enroll at the college, this SEP can be created prior to or after the student enrolls (based on student needs; may also be needed for participation in certain programs, such as federal financial aid);
   - **At risk follow-up services**: Given new state policies where a student may lose enrollment priority or their BOG Fee Waiver for poor academic performance, ensuring students who are on academic or progress probation or facing dismissal, have an opportunity to receive support services is critical—these services may include one on one or group counseling sessions, group workshops, non-apportionment generating tutoring services, student success workshops, etc.
   - **Other follow-up services**: This category includes a variety of services and provides a funding mechanism for colleges to continue to provide student supports along the student’s educational pathway. This may include subsequent orientations (perhaps based on just-in-time orientations provided at key momentum points), subsequent assessments (career and interest assessments, or assessments tests for re-testing); revision or development of a new SEP (beyond the first abbreviated and comprehensive SEP—if the student changes their course of study, or other changes that may necessitate a revised or new comprehensive SEP); student success workshops, etc.
OVERVIEW

Legislative policy committee hearings are in full swing in April. This is because bills that were introduced at the beginning of this session must pass their policy committee in the house of origin by either May 3, for bills with a fiscal impact, or May 17 for non-fiscal bills. For community colleges, the policy committees for our bills of interest are usually the Assembly Committee on Higher Education or in the Senate Committee on Education.

Policy committee staff work with author’s staff to improve measures and provide them with information that may affect their decision to move forward on the measure as written. The result of this work is that we see many of our bills of interest amended before and/or after a committee has voted on the measure, especially if the bill passed the committee “as amended.” In these cases the amendments are drawn from the staff recommendations in the analysis.

A number of the “spot,” or placeholder measures we’ve been tracking have now been amended to either substantive measures we continue to track, or completely different bills. Below is a list of bills we were tracking that have been amended and dropped from our bills of interest.

<table>
<thead>
<tr>
<th>Assembly Bills</th>
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<tr>
<td>AB 421</td>
<td>Community Colleges Economic and Workforce Development Program</td>
<td>Health and Home Care: Worker Training</td>
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<tr>
<td>AB 445</td>
<td>Community College Governing Boards</td>
<td>Charter Schools</td>
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<td>AB 555</td>
<td>Veterans’ Education</td>
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<td>AB 659</td>
<td>Career Technical Education</td>
<td>County Educational Agencies (K-12)</td>
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<td>AB 777</td>
<td>Community Colleges</td>
<td>Tax Code</td>
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<td>AB 815</td>
<td>Career Technical Education</td>
<td>School Intervention (K-12)</td>
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<td>AB 1058</td>
<td>Donahoe Education Act</td>
<td>San Diego Regional Airport Authority</td>
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<td>Tax Code</td>
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<td>SB 397</td>
<td>Veterans’ Education</td>
<td>Vehicle Code</td>
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<tr>
<td>SB 518</td>
<td>Financial Aid</td>
<td>K-12 Instruction in Science and Mathematics</td>
</tr>
<tr>
<td>SB 681</td>
<td>Student Transfer</td>
<td>Authorizes a district to allow the direct lease or purchase of personal property</td>
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Sponsored bills

At the May Board of Governors meetings, AB 1100 (Levine) and SB 576 (Block) will be taken up for a vote by the Board to sponsor these bills. AB 1100 by Marc Levine amends the Public Utilities Code to remove a regulatory cap limiting community colleges’ access to the California Teleconnect Fund (CTF). The Utility Reform Network (TURN), a consumer advocacy group, and the PUC stated their opposition to AB 1100 prior to the April 15, 2013 policy committee hearing. Both TURN and the PUC raised concerns about prejudging the outcome of the
regulatory process, and the potential that lifting the cap on community colleges would disable the Public Utilities Commission’s (PUC) ability to control costs and manage the program without further raising the surcharge that funds the CTF. Prior to the April 15, 2013 hearing, staff from the Chancellor's Office and Corporation for Education Network Initiatives in California (CENIC) worked with PUC staff to amend the bill language to ensure that community colleges are treated fairly within the CTF, removing the PUC’s opposition. AB 1100 passed on a vote of 13-1 in the Assembly Committee on Utilities and Commerce. At the hearing, the PUC representative announced that they removed their opposition. TURN stated that they needed time to consider the amendments, which may remove their opposition.

SB 576 by Senator Marty Block requires the Board of Governors to appoint an ex officio member to the Commission on Teacher Credentialing (CTC). The CTC is proposing to have a seat on the Commission for community colleges. Our seat replaces the one formerly held by the now defunct California Postsecondary Education Commission. The Commission invited the Chancellor's Office to sponsor the measure because community colleges play a significant role in preparing students to enter the teacher pipeline and preparing students for child development credentials that are awarded by the CTC. Community colleges also offer programs in child development and administration and other related areas for child development credentials. Four of the five child development credentials can be obtained with an associate’s degree or less and these credentials make up 20% of all credentials issued by the CTC. SB 576 is scheduled to be heard in the Senate Education Committee on April 24, 2013.

BILLS OF INTEREST
At this early stage in the legislative session, we continue to research bills to determine which measures to prioritize for analysis, and a position. The attached matrix is in priority order, and brief summaries are provided below for measures in our top level, Tier 1. For details and copies of any bill, please visit the Legislative Counsel’s website at: http://www.leginfo.ca.gov.

ACCOUNTABILITY

• SB 195 (Liu) California Postsecondary Education: State Goals. SB 195 states the intent of the Legislature to set three goals for higher education for budget and policy decisions. The Governor's Office of Planning and Research would convene a working group to assist with the development of those metrics.
  ○ Status: SB 195 will be heard in the Senate Education Committee on April 17, 2013.

ACADEMIC PROGRAMS

• AB 51 (Logue) Baccalaureate Pilot Program. AB 51 creates a pilot program to become a model of articulation linking K-12 schools, community colleges, and CSU campuses in seven regional areas for students to earn a bachelor’s degree in STEM related fields for $10,000 or less, including the cost of textbooks.
  ○ Status: Two-year bill.

• AB 181 (Logue) Public Postsecondary Education: Degree Pilot Program. AB 181 establishes a pilot program to coordinate curriculum to enable students to earn a
baccalaureate degree from a participating UC campus within three years of graduating from a secondary school for no more than $20,000, excluding the cost of instructional materials and mandatory campus based fees. The University of California may establish a Baccalaureate Degree Pilot Program that includes any campus of the University of California, any campus of the California Community Colleges, and any secondary educational institution that volunteers to participate.

- **Status:** Two-year bill.

- **AB 387 (Levine) Public Postsecondary Education: California State University: Online Education.** Prior to recent amendments, AB 387 would have required the Board of Governors of the California Community Colleges and the Trustees of the California State University (CSU) to jointly report to the Legislature on the feasibility of developing an accelerated bachelor’s degree completion program consisting of distance learning courses. AB 387 now requires the CSU to create systemwide definitions for online education and report to the Legislature on the performance of online education programs.

  - **Status:** AB 387 is scheduled to be heard on April 23 in the Assembly Committee on Higher Education.

- **AB 895 (Rendon) Online Education Task Force.** AB 895 establishes the California Postsecondary Online Education Task Force, consisting of 11 members including business representatives, faculty representatives, a Board of Governors representative, the Superintendent of Public Instruction, and the Lieutenant Governor. The community college faculty member is appointed by the Governor, the CSU faculty member is appointed by the Senate Rules Committee, and the UC faculty member is appointed by the Speaker. The task force will be required to examine online programs in other states and analyze how to implement online programs in California.

  - **Status:** AB 895 was recently amended, and is scheduled to be heard on April 23 in the Assembly Committee on Higher Education.

- **AB 944 (Nestande) Distance Education.** AB 944 imposes reporting requirements for data on completion rates for distance education courses and programs on the Board of Governors of the California Community College, the Trustees of the California State University, and the Regents of the University of California.

  - **Status:** AB 944 is currently not scheduled to be heard.

- **AB 955 (Williams) Community College Intersession Programs.** AB 955 adds a section to the Education Code to authorize community college districts to offer an extension program for credit courses during summer and winter intersessions.

  - **Status:** AB 955 passed the Assembly Committee on Higher Education on April 9 with a vote of 10-2 and was sent to the Assembly Appropriations Committee.

- **SB 440 (Padilla) Public Postsecondary Education Student Transfer Achievement Reform Act.** This bill amends the statute created by SB 1440 that established the transfer degree, and requires all community college districts to create an associate degree for transfer in every major offered by that district that has an approved transfer model curriculum.

  - **Status:** SB 440 is currently scheduled to be heard in the Senate Education Committee on May 1.
• **SB 490 (Jackson) Early Assessment Program: Common Core Academic Content Standards.** SB 490 amends statute regarding the Early Assessment Program to encourage courses to be sequenced to the common core standards.
  o **Status:** SB 490 is scheduled to be heard in the Senate Education Committee on May 8.

• **SB 520 (Steinberg) California Virtual Campus.** Recent amendments to SB 520 create the California Online Student Access Platform administered by the California Open Education Resources Council. The bill would require the platform to provide an efficient statewide mechanism for online course providers to offer transferable courses for credit and to create a pool of these online courses. The bill requires the council to develop a list of the 50 most impacted lower division courses at the University of California, the California State University, and the California Community Colleges that are deemed necessary for program completion or fulfilling transfer requirements, or deemed satisfactory for meeting general education requirements. It also establishes the California Student Access Pool for students to access online courses. The bill includes other provisions.
  o **Status:** SB 520 is scheduled to be heard in the Senate Education Committee on April 24.

• **SB 547 (Block) Online Courses.** SB 547 would require the Academic Senates to jointly develop online courses. The courses would be in areas defined as high demand, transferable lower division courses under the Intersegmental General Education Transfer Curriculum. SB 547 also requires the Chancellor's Office to create an internet portal through the California Virtual Campus that facilitates enrollment in these courses.
  o **Status:** SB 547 is scheduled to be heard in the Senate Education Committee on April 24.

• **SB 730 (Hancock) School Districts: Middle College High Schools Program.** SB 730 requires that, as a condition of participation in the program, a community college district enter into a formal partnership with a school district or school districts located within the service area of the community college district to provide high school students with specified academic opportunities.
  o **Status:** SB 730 is scheduled to be heard in the Senate Education Committee on April 24.

**ADULT EDUCATION**

• **SB 173 (Liu) Education Funding: Noncredit/Adult Ed - Health and Safety Education.** For K-12 District Adult Education Programs, and for Community College District noncredit programs, SB 173 removes the authorization for health and safety education to be offered for apportionment. Recent amendments include authorizing the governing board of a community college district to charge a fee for adult education courses, including classes in English and citizenship, until July 1, 2015, in accordance with specified regulations and procedures.
  o **Status:** SB 173 was scheduled to be heard in the Senate Education Committee on April 17.
• **SB 174 (Liu) Education Funding: Adult Education – Apportionments.** SB 174 revises the list of classes and courses that qualify for adult education funding. This includes:
  - Basic and secondary academic programs, including elementary basic skills and secondary courses required for the high school diploma, and dropout recovery.
  - English as a second language and citizenship preparation, including programs for immigrants eligible for educational services in citizenship, civic participation, and workforce preparation.
  - English literacy, skills of speaking, listening, reading, writing, mathematics, decision making, and problem solving skills, and other classes required for preparation to participate in job specific career and technical training.
  - Career technical education, including programs promoting a skilled workforce with high-growth and high-wage employment potential, leading to industry certifications, or that meet the required prerequisites and foundations for advanced postsecondary programs. These courses, developed within designated career sectors, shall incorporate academic, career preparation, and job readiness skills with possible apprenticeships or internships.
  - Civic engagement programs, including specialized courses focusing on any of the following: issues of aging; assisting disabled adults to become self-reliant, productive, and effective community members; parenting and family literacy; health and financial literacy; and civic participation skills.

If an adult education course is not eligible for funding from the Adult Education Fund, or if such an apportionment does not cover the entire cost of providing the course, a fee may be charged to cover this cost.
  - **Status:** SB 174 is not currently scheduled to be heard.

**ENERGY (PROPOSITION 39)**

• **AB 29 (Williams) Proposition 39: Implementation.** Recent amendments to AB 29 allocate funds from Proposition 39 for energy efficiency projects at the University of California, California State University and California Community Colleges. AB 29 would appropriate $50 million to the community colleges from Proposition 39.
  - **Status:** AB 29 passed the Assembly Committee on Natural Resources and was also sent to the Assembly Utilities and Commerce Committee.

• **AB 39 (Skinner) Proposition 39: Implementation.** AB 39 creates an account for K-12 school and community college districts to receive grants and other financial assistance for energy efficiency projects. Community college districts were added by amendments on April 9.
  - **Status:** AB 39 passed the Assembly Committee on Natural Resources and was sent to the Assembly Utilities and Commerce Committee.

• **AB 114 (Salas) Proposition 39 Implementation: Workforce Development.** AB 114 uses Proposition 39 funds for job training and workforce development by requiring the Labor and Workforce Development Agency to administer grants, no-interest loans, or other financial assistance for existing workforce programs to create green jobs. The bill also requires the California Conservation Corps, and other existing workforce programs...
to give higher priority to disadvantaged youth and veterans in economically distressed areas.
  o **Status:** AB 114 passed the Assembly Committee on Natural Resources and was sent to the Assembly Utilities and Commerce Committee.

- **SB 35 (Pavley) Higher Education: Energy Conservation.** SB 35 requires the three segments of public higher education to develop and administer an energy plan for near and long-term strategies for energy efficiency.
  o **Status:** SB 35 passed the Senate Utilities and Communications Committee and was sent to the Senate Education Committee.

- **SB 39 (De León) Energy Efficiency: School Facilities.** SB 39 appropriates funds to award energy efficiency grants to the most disadvantaged schools in need of modernization for energy efficiency upgrades. Recent amendments include California Community Colleges, the University of California, and the California State University systems.
  o **Status:** SB 39 passed the Senate Education Committee on April 17.

- **SB 64 (Corbett) Proposition 39: Implementation.** This bill states the intent of the Legislature to install clean energy at public schools, universities, and colleges, and at other public buildings and facilities consistent with the California Clean Energy Jobs Act. Recent amendments include an appropriation from the funds created by Proposition 39.
  o **Status:** SB 64 is passed the Senate Utilities and Communications Committee on April 16.

- **SB 729 (Fuller) Proposition 39: Implementation.** SB 729 is a spot bill stating the intent to enact legislation to implement Proposition 39.
  o **Status:** SB 729 is not scheduled to be heard.

**FACILITIES, BONDS, LOCAL OPERATIONS**

- **AB 41 (Buchanan) Kindergarten-University Public Education Facilities Bond Act of 2014.** AB 41 states the intent of the Legislature to create the Kindergarten-University Public Education Facilities Bond Act of 2014.
  o **Status:** AB 41 is not scheduled to be heard.

- **AB 182 (Buchanan) Bonds: School Districts and Community College Districts.** AB 182 removes the authority for school districts and community colleges to issue capital appreciation bonds, and requires local entities to limit the ratio of total debt service to principal for each bond series. The bill would require each capital appreciation bond maturing more than 10 years after its date of issuance to be subject to mandatory tender for purchase or redemption before its fixed maturity date, as specified, beginning no later than the 10th anniversary of the date the capital appreciation bond was issued. AB 182 requires that, if the sale includes capital appreciation bonds on the agenda for approval by the local board, then the governing board of the school district or community college district must be presented with an analysis containing the overall cost of the capital appreciation bonds, a comparison to the overall cost of current interest bonds, the reason capital appreciation bonds are being recommended, and a copy of a certain disclosure.
made by the underwriter. Recent amendments authorize a school district or community college district with a note issued before December 31, 2013, to seek from the State Board of Education or the Chancellor of the California Community Colleges, as applicable, a one-time waiver from specified requirements.

- **Status:** Passed out of the Assembly on a vote of 75-0.

- **SB 45 (Corbett) Leroy Greene School Facilities Act.** SB 45 is a spot bill for a statewide bond measure to create the Kindergarten-University Facilities Bond Act of 2014.

  - **Status:** SB 45 is not scheduled to be heard.

- **SB 301 (Liu) Kindergarten-University Public Education Facilities Bond Act of 2014.** SB 301 states the intent of the Legislature to create the Kindergarten-University Public Education Facilities Bond Act of 2014.

  - **Status:** SB 301 is not scheduled to be heard.

**FINANCE AND FUNDING**

- **AB 283 (Bloom) Property Tax Backfill.** AB 283 provides a method to ensure that community colleges remain funded at levels stated in the Budget Act should property taxes fall below estimates.

  - **Status:** AB 283 passed the Assembly Committee on Higher Education and was sent to the Assembly Appropriations Committee.

- **AB 1199 (Fong) Community Colleges Funding (Stabilization/Accreditation).** AB 1199 requires the Board of Governors to adopt a funding formula to stabilize a community college district’s revenue level for a college that is subject to probation or a “show cause” accreditation sanction.

  - **Status:** AB 1199 is scheduled to be heard in the Assembly Committee on Higher Education on April 23.

- **ACA 2 (Nestande) Education Payments.** ACA 2 would place a measure on the ballot for approval by the voters to amend the Constitution to eliminate the practice of deferring state apportionments.

  - **Status:** ACA 2 is not scheduled to be heard.

- **SB 241 (Evans) Oil Severance Tax Law.** SB 241 creates an oil severance tax to be administered by the Department of Conservation. This bill requires that all tax revenues, penalties, and interest collected pursuant to the tax provisions be placed into the Oil Severance Fund. This fund will be used to support the Regents of the University of California, the Trustees of the California State University, the Board of Governors of the California Community Colleges, and the Department of Parks and Recreation.

  - **Status:** SB 241 is scheduled to be heard on April 24 in the Senate Governance and Finance Committee.

- **SB 284 (De León) Income Taxes: Credits: Contributions to Education Funds.** SB 284 creates a new tax credit and a special fund in the State Treasury called the College Access Tax Credit Fund, for the purpose of increasing Cal Grant B access awards. In a
separate measure, SB 285, the author proposes to increase the maximum award in the Cal Grant B Entitlement Program from $1,551 to $5,000 annually.

- **Status:** SB 284 is scheduled to be heard on April 24 in the Senate Governance and Finance Committee.

- **SB 329 (Gaines) Community Colleges: Nonresident Tuition: Lake Tahoe Community College.** SB 329 exempts from the nonresident tuition fee students who attend Lake Tahoe Community College and who reside in one of several designated communities in Nevada.

- **Status:** SB 329 was scheduled to be heard in the Senate Education Committee on April 17, but was rescheduled for a later hearing.

- **SB 594 (Steinberg) Career Pathways Investment.** SB 594 authorizes three new financing tools to encourage the expansion of career pathways programs in our K-14 school and community college districts: Career Pathways Investment Tax Credits, Social Impact Bonds and Career Pathways Investment Trust Funds. SB 594 also creates a committee chaired by the Chancellor of the California Community Colleges to review applications and award credits on a competitive basis to business/school district partnerships that have the best chance of success and long-term sustainability, according to specified criteria.

- **Status:** SB 594 is scheduled to be heard on April 24 in the Senate Governance and Finance Committee.

- **SB 705 (Block) Community Colleges: Appropriation.** SB 705 was recently amended from a bill on the courts to a measure that would appropriate $50,000,000 to the community colleges. Half of the funds would be for the Disabled Students Programs and Services and the other half for Extended Opportunity Programs and Services. The bill states that the funds will be created by savings realized from extending the period for paying down community college deferrals.

- **Status:** SB 705 is not scheduled to be heard.

- **SCA 3 (Leno) Educational Entities: Parcel Tax.** SCA 3 places a measure on the ballot for approval by the voters to amend the Constitution to reduce the requirement to pass a parcel tax for school and community college districts from two-thirds (67%) to 55%.

- **Status:** SCA 3 is scheduled to be heard on May 15 in the Senate Governance and Finance Committee.

- **SCA 11 (Hancock) Local Government: Special Taxes: Voter Approval.** SCA 11 places a measure on the ballot for approval by the voters to amend the Constitution to authorize the imposition, extension, or increase of a special tax by a local government upon the approval of 55% of the voters voting on the proposition.

- **Status:** SCA 11 is scheduled to be heard on May 15 in the Senate Governance and Finance Committee.

**MISCELLANEOUS**

- **AB 450 (Jones) Community College Trustee Areas (LACCD).** AB 450 requires the Los Angeles Community College District to establish seven trustee areas by July 1, 2014.
• **AB 450** passed the Assembly Committee on Higher Education on April 9.

• **AB 675 (Fong) Community Colleges Faculty.** AB 675 was recently amended to address faculty contracts.
  o **Status:** AB 675 is not scheduled to be heard.

• **AB 1348 (J. Pérez) Postsecondary Education: California Higher Education Authority.** AB 1348 repeals the provisions regarding the California Postsecondary Education Commission, and establishes the California Higher Education Authority, under the administration of a 13-member board of directors.
  o **Status:** AB 1348 is scheduled to be heard in the Assembly Committee on Higher Education on April 23.

• **SB 576 (Block) Teacher Credentialing: Commission on Teacher Credentialing.** SB 576 amends statute to require the Board of Governors of the California Community Colleges to appoint an ex officio member to the Commission on Teacher Credentialing instead of the California Postsecondary Education Commission.
  o **Status:** SB 576 is scheduled to be heard on April 24 in the Senate Education Committee.

**STUDENTS**

• **AB 447 (Williams) Community College Districts: Governing Boards, Nonvoting Student Member.** AB 447 requires a district to provide a fee waiver to nonvoting student board members while they are on the Board. It also requires that if the student is eligible for the fee waiver, that the student is provided a stipend while on the board in the amount of the fee waiver. AB 447 also authorizes the student to vote in an advisory capacity and the advisory votes must also be recorded.
  o **Status:** AB 447 passed the Assembly Committee on Higher Education and was sent to the Appropriations Committee.

• **AB 595 (Gomez) Community Colleges Priority Enrollment.** AB 595 provides priority enrollment to disabled students and students in the Extended Opportunity Programs and Services program.
  o **Status:** AB 595 passed the Assembly Committee on Higher Education and was sent to the Assembly Appropriations Committee.

• **AB 1358 (Fong) Student Body Association: Student Representation Fee.** AB 1358 amends statute authorizing a student representation fee of $1 per semester, increasing it to $2, and requires 1/2 of the student representation fee to be spent to establish and support the operations of an independent statewide community college student organization, recognized by the Board of Governors of the California Community Colleges.
  o **Status:** AB 1358 is scheduled to be heard in the Assembly Committee on Higher Education on April 23.
STUDENT SUCCESS ACT

- **AB 388 (Chesbro) Community Colleges: Seymour-Campbell Student Success Act of 2012.** AB 388 specifies that career advancement, for purposes of the Student Success Act, includes, but is not limited, to professional development, development of job skills, development of language skills, and job services for individuals with developmental disabilities. According to the author’s office, the purpose of the bill is to provide that students who wish to, for example, take language classes for professional development be able to do so. The Chancellor’s Office is working with the author’s office to develop language to clarify that colleges can offer such classes as identified by the author to the extent resources are available.
  - **Status:** AB 388 is scheduled to be heard in the Assembly Committee on Higher Education on April 23.

TELECOMMUNICATIONS

- **AB 1100 (Levine) Telecommunications.** AB 1100 would amend the Public Utilities Code to remove the annual reimbursement limit for California Community Colleges participating in the California Teleconnect Fund (CTF). This fund was established to provide a 50% discount on communication services to K-12 schools and other community based non-profit organizations such as libraries and hospitals. The program is funded through a surcharge on phones, etc. Community colleges were added in 2008, but to address concerns by K-12 districts and community-based organizations that the colleges might “draw down” too much of the funding, the Public Utilities Commission (PUC) placed a cap on community college reimbursements through their regulatory authority. There is about $100 million in the CTF “pot” annually. The community college cap is approximately $10 million, but historically community college annual reimbursements have remained a few million dollars below this cap. Community college telecommunications needs are increasing and the cap is an unnecessary limitation.
  - **Status:** AB 1100 passed as amended, in the Assembly Utilities and Commerce Committee on April 15. The amendments were negotiated with the PUC.

TEXTBOOKS

- **SB 265 (Lara) Postsecondary Education: Electronic Textbooks.** SB 265 requires publishers of textbooks offered for sale at postsecondary educational institutions to make the textbooks available, in whole or in part, to the extent practicable, in an electronic format, and requires electronic versions of textbooks to include the same content as the printed versions.
  - **Status:** SB 265 is not scheduled to be heard.

TUITION, FEES, FINANCIAL AID

- **AB 67 (Gorell) Public Postsecondary Education: Funding.** AB 67 freezes tuition and fee increases at the University of California and the California State University if specified increases are made to items in the individual system’s budget.
• **AB 138 (Olsen) Public Postsecondary Education: Tuition and Fees.** AB 138 requires the trustees of CSU, and the regents of the UC systems to determine the amounts of undergraduate tuition and fees for California residents in each incoming first-year class in their respective segments. The bill would require that the tuition and fees set for California residents in each incoming first-year class under the bill would not be increased until that class has completed at least 4 academic years.
  o **Status:** AB 138 is not scheduled to be heard.

• **AB 233 (Wieckowski) Wage Garnishment: Exempt Earnings.** AB 233 prohibits wage garnishment orders on student loans not made, insured, or guaranteed by the United States government.
  o **Status:** AB 233 passed the Assembly on a vote of 50-23 and was sent to the Senate.

• **AB 606 (Williams) Financial Aid: Community Colleges.** AB 606 requires the Chancellor's Office to establish a voluntary pilot program to increase student participation in state and federal financial aid programs and in the federal American Opportunity Tax Credit.
  o **Status:** AB 606 passed the Assembly Committee on Higher Education and was placed on the Suspense File in the Assembly Appropriations Committee.

• **AB 1162 (Frazier) Student Financial Aid: Debit Cards.** AB 1162 requires the Board of Governors of the California Community Colleges and the Trustees of the California State University, and requests the Regents of the University of California and the governing bodies of accredited private nonprofit and for-profit postsecondary educational institutions, to adopt policies for negotiating contracts between their postsecondary educational institutions and banks and other financial institutions to disburse a student’s financial aid award and other refunds onto a debit card, prepaid card, or preloaded card.
  o **Status:** AB 1162 passed the Assembly Committee on Higher Education and was sent the Assembly Appropriations Committee.

• **AB 1241 (Weber) Student Financial Aid: Cal Grant Program.** AB 1241 extends the eligibility to students applying for Cal Grants A and B to the fourth academic year after high school graduation or its equivalent.
  o **Status:** AB 1241 passed the Assembly Committee on Higher Education and was sent the Assembly Appropriations Committee.

• **AB 1364 (Ting) Student Financial Aid: Cal Grant Program.** AB 1364 requires that the maximum amount of the Cal Grant B access award, currently at $1,551, to be annually adjusted beginning with the 2014-15 academic year based on the increase in California personal income.
  o **Status:** AB 1364 passed the Assembly Committee on Higher Education and was sent the Appropriations Committee.
• **SB 58 (Cannella) Public Postsecondary Education: Funding.** Due to the passage of Proposition 30, this bill would require that the fees and tuition at the three segments remain at the fee levels charged during the 2011-12 fiscal year, until the 2018-19 fiscal year.
  - **Status:** SB 58 is scheduled to be heard in the Senate Education Committee on April 24.

• **SB 141 (Correa) College Education Benefits: Children of Deported Parents.** SB 141 exempts a student from nonresident tuition at the California Community Colleges and the California State University if certain requirements are met:
  - The parent was deported.
  - The student was forced to move and currently lives abroad as a result of the parental deportation.
  - The student is a United States citizen.
  - The student was a California resident immediately prior to moving abroad.
  - **Status:** SB 141 is scheduled to be heard in the Senate Education Committee on April 24.

• **SB 150 (Lara) Concurrent Enrollment.** SB 150 exempts concurrently enrolled high school students from nonresident tuition if they attended school in California for one year. Currently, these students would not be eligible for in-state tuition because they have yet to graduate from a California high school. With the exception of graduation from a California high school, these students meet all other requirements contained in AB 540. This bill is sponsored by the Los Angeles Community College District.
  - **Status:** SB 150 is scheduled to be heard in the Senate Education Committee on April 24.

• **SB 285 (De León) Student Financial Aid: Cal Grant Program.** The Cal Grant B Entitlement Program provides awards for access costs, defined as living expenses and expenses for transportation, supplies, and books, in an amount not to exceed $1,551. SB 285 would increase the maximum Cal Grant B award to $5,000 without increasing costs to the State by appropriating funds from the College Access Tax Credit Fund. In a separate measure (SB 284) Senator De León proposes a new tax credit to encourage taxpayer contributions to the newly proposed College Access Tax Credit Fund.
  - **Status:** SB 285 was scheduled to be heard in the Senate Education Committee on April 17.

• **SB 595 (Calderon) Postsecondary Education: Financial Aid.** SB 595 requires each campus of the California Community Colleges and the California State University, and requests the University of California to call for each of their campuses not to enter into a contract with a bank or financial institution requiring a student to open an account as a condition of receiving financial aid disbursement. The bill also requires each campus of the California Community Colleges and the California State University, and requests the University of California to call for each of their campuses to offer students the option of receiving checks or direct deposits of financial aid disbursements according to similar timeframes for financial aid disbursements offered by banks or financial institutions in partnership with campuses.
Status: SB 595 is scheduled to be heard in the Senate Education Committee on April 24.

VETERANS

- **AB 13 (Chávez) Nonresident Tuition Exemption: Veterans.** This bill eliminates the requirement that a student veteran must be stationed in California to receive the nonresident tuition exemption. It requires the student to be discharged within the prior year to receive the exemption.
  - **Position:** Support
  - **Status:** Passed the Assembly Higher Education Committee and was sent to the Assembly Veterans Committee.

- **AB 213 (Logue) Healing Arts: Licensure and Certification Requirements: Military Experience.** AB 213 requires a healing arts board within the Department of Consumer Affairs and the State Department of Public Health to accept education, training, and practical experience completed by an applicant in military service toward the qualifications and requirements to receive a license or certificate, if that education, training, or experience is equivalent to the standards of the board or department. This bill also requires the Department of Veterans Affairs, the Chancellor of the California State University, and the Chancellor of the California Community Colleges to provide technical assistance to the healing arts boards within the Department of Consumer Affairs, the State Department of Public Health, and to schools offering, or seeking to offer, educational course credit for meeting licensing qualifications and requirements.
  - **Status:** AB 213 passed the Assembly Business and Professions Committee, and was sent to the Veterans Committee.

- **AB 303 (Calderon) Student Financial Aid: Cal Grant Eligibility for Veterans and Military Students.** Commencing with the 2014-15 academic year, AB 303 provides eligibility to veterans and members of the Armed Forces for Cal Grant A and B awards, provided they meet specified criteria.
  - **Status:** AB 303 is not scheduled to be heard.

- **AB 368 (Morrell) Postsecondary Education: Residency (Active Duty Dependents).** AB 368 removes the requirement that a member of the Armed Forces must be stationed in California for a spouse or dependent to pay in state tuition.
  - **Status:** AB 368 is not scheduled to be heard.

- **AB 409 (Quirk-Silva) Student Veterans: Services.** AB 409 was recently amended to require the Board of Governors of the California Community Colleges and the Trustees of the California State University, and encourages the University of California to convene a task force and develop a report on student veterans’ transition to postsecondary education.
  - **Status:** AB 409 passed the Assembly Committee on Higher Education and was sent to the Assembly Appropriations Committee.

- **AB 660 (Nazarian) Veterans Postsecondary Education.** AB 660 makes minor changes to amend the Military and Veterans Code regarding the Veterans Education Institute.
• **Status:** AB 660 is not scheduled to be heard.

• **AB 697 (Gomez) Nursing Education: State Veterans Homes.** AB 697 establishes a loan assumption program for employees of state veterans’ homes within the State Nursing Assumption Program of Loans for Education program (SNAPLE).
  
  o **Status:** AB 697 is not scheduled to be heard.

• **AB 733 (Mansoor) Community Colleges: Credit for Military Training.** AB 733 appropriates an unspecified amount from the General Fund to the Chancellor of the California Community Colleges to allocate to community college districts that grant academic credit to honorably discharged veterans and reservists.
  
  o **Status:** AB 733 is not scheduled to be heard.

• **AB 859 (Gomez) Professions and Vocations: Military Medical Personnel.** AB 859 contains legislative intent language to enact legislation that would make changes to nursing and paramedic licensure requirements for California’s military medical personnel in order to recognize medical training in the military.
  
  o **Status:** AB 859 is not scheduled to be heard.

• **SB 290 (Knight) Nonresident Tuition Exemption: Veterans.** This bill would exempt all students who were members of the Armed Forces discharged within the immediately prior 2 years from paying nonresident tuition, except former members of the Armed Forces who received a dishonorable or bad conduct discharge.
  
  o **Status:** SB 290 is scheduled to be heard on April 24.

• **SB 420 (Walters) Public Postsecondary Education: Resident Classification (Veterans and Dependents).** SB 420 provides resident classification for determining tuition and fees for students who are members of the Armed Forces, reserves, veterans and their dependents.
  
  o **Status:** SB 420 is scheduled to be heard on April 24.

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PRESENTED TO THE BOARD OF GOVERNORS
DATE: May 6-7, 2013

SUBJECT: Student Success and Support Program (Public Hearing)  
Item Number: 3.3  
Attachment: Yes

CATEGORY:  
Student Services and Special Programs

Recommended By:  
Linda Michalowski, Vice Chancellor

TYPE OF BOARD CONSIDERATION:
Consent/Routine  
First Reading X

Approved for Consideration:  
Brice W. Harris, Chancellor

ISSUE: To implement Senate Bill 1456, the Student Success Act of 2012, by establishing the Student Success and Support Program through proposed changes to California Code of Regulations, title 5, section 55500 et seq.

BACKGROUND: The Student Success Act of 2012, signed by Governor Brown on September 27, 2012, provides a foundation to implement several recommendations from the Student Success Task Force (SSTF). Key recommendations include mandating students to complete core matriculation services, requiring students to declare a course of study early, targeting funds to provide orientation, assessment, and counseling, advising and other student education planning services. The regulations would also rename the former Matriculation program as the Student Success and Support Program.

RECOMMENDED ACTION: The proposed regulations are presented to the Board of Governors for a first reading. The Board of Governors must hold a public hearing for receipt of comments, both written and oral, which are offered concerning the proposed action. It is anticipated that the regulations will be presented to the Board for adoption at its July 2013, meeting.
ANALYSIS: In November 2012, the Chancellor’s Office convened implementation workgroups, comprised of key system stakeholders, to develop proposals to implement the provisions of Senate Bill 1456 related to the Student Success and Support Program. The Title 5 policy workgroup was comprised of 18 members, including representatives from the Chief Executive Officers, Chief Student Services Officers, Chief Instructional Officers, Academic Senate for California Community Colleges, Student Senate for California Community Colleges, research, assessment, matriculation, career technical education, and admissions and records. A second workgroup was tasked with reviewing the existing matriculation data elements reported by colleges to determine what, if any, changes would be required, and to develop a new funding proposal that accounted for student population and services provided to allocate Student Success and Support Program funds to the colleges. This 19 member workgroup included most of the aforementioned stakeholder groups and also included representatives from MIS (Banner, Datatel, and Peoplesoft) and the Chief Business Officers. Both workgroups met over the course of 5-6 months to develop proposals to implement the new Student Success and Support Program.

The key changes made to the existing title 5 Matriculation regulations include:

- Renaming the “Matriculation” program as the “Student Success and Support Program.”
- Updating the 20+ year old regulations with the goal of reducing duplication, updating terminology, and improving the clarity and organization of the regulations; and,
- Aligning with the requirements and language in Senate Bill 1456 to:
  - Target funding to the core services of orientation, assessment, counseling, advising, and other education planning services;
  - Address new elements, such as “course of study” and “career goals;” and,
  - Establish policies for requiring students to complete orientation, assessment, and identifying a course of study and developing an education plan.

Information about the proposed credit funding formula is included for the Board’s information (Attachments 2 and 3). As required by Senate Bill 1456, the proposed funding formula includes the following elements:

- Establishes a 40/60 split for the allocation of funds based on headcount enrollment and services provided;
- Provides base funding to ensure a level of funding protection for smaller colleges while at the same time providing a proportionate share of funds for colleges with larger student populations;
- Maintains the existing 3:1 match, while allowing districts to include expenditures for admissions and records, research, and related-technology services as part of the institutional match requirement. This will help districts transition to utilizing general funds to pay for functions formerly but no longer allowable from the categorical allocation.
• Phases in the funding formula changes over a four-year period; the new formula would not be effective for 2013-14 and 2014-15 to allow colleges to make MIS programming changes and ensure accurate and consistent reporting of student data. The new funding formula would be run to generate allocations for 2015-16 (based on 2014-15 data) but districts would have their allocations protected at 80 percent in the first year and 50 percent in 2016-17, delaying full implementation until 2017-18.

This item is presented to the Board of Governors for a first reading. The proposed regulations are included as Attachment 1.
ATTACHMENT 1

BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES
PROPOSED REVISIONS TO TITLE 5 REGULATIONS:
STUDENT SUCCESS AND SUPPORT PROGRAM

1. Section 51024 of subchapter 1 of chapter 2 of division 6 of title 5 of the California Code of Regulations is amended to read:

§ 51024. Matriculation Services Student Success and Support Program.
The governing board of each community college district shall:
(a) adopt and submit to the Chancellor a Student Success and Support Program matriculation plan as required under §55510;
(b) evaluate its Student Success and Support matriculation program and participate in statewide evaluation activities as required under §55512(c);
(c) provide Student Success and Support Program matriculation services to its students in accordance with §§55520-55525 and 55521;
(d) establish procedures for waivers and appeals in connection with its Student Success and Support matriculation program in a manner consistent with §55534; and
(e) substantially comply with all other provisions of Subchapter 6 (commencing with §55500) of Chapter 6 of this Division.

2. Section 55500 of article 1 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is amended to read:

§ 55500. Scope and Implementation Intent.
(a) This chapter implements and should be read in conjunction with the provisions of the Seymour-Campbell Matriculation Student Success Act of 1986, Statutes 1986-2012, chapter 1467, codified as Education Code sections 78210, et seq., which recognizes that student success is the responsibility of the institution and student, supported by well-coordinated and evidence based student and instructional services to foster academic success. The purpose of this subchapter is to further equality of educational opportunity and success for all students in the California Community Colleges. Implement the Student Success and Support Program to increase California community college student access and success through the provision of core matriculation services, including orientation, assessment and placement, counseling, advising, and other education planning services, with the goal of providing students with the support services necessary to assist them in achieving their education goal and identified course of study.
(b) The requirements of this subchapter apply only to districts receiving funds pursuant to Education Code section 78216 for the period of time during which such funds are received.
3. Section 55502 of article 1.4 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is amended to read:

§ 55502. Definitions.

For purposes of this subchapter, the following definitions shall apply:

(a) “Assessment for placement” hereinafter referred to as “assessment” means the process of gathering information about individual students in order to identify their skill level and appropriately direct them to courses for which they are prepared. Information used in the assessment process to facilitate student success. Assessment shall may include, but is not limited to, information regarding the student's study skills, English language proficiency, computational skills, aptitudes, goals, learning skills, career aspirations, academic performance, and need for special services. Assessment involves the collection of such information for purposes of course placement at any time before or after enrollment except that the process by which an instructor assigns a grade or otherwise evaluates the extent to which a student has achieved the objectives of a course shall not be considered part of the assessment process. Once a grade has been assigned and recorded on a student's transcript, it can be used in the assessment process.

(b) “Assessment instruments test” is a validated, standardized, or locally-developed test used in addition to other measures in the course placement process. Methods, or procedures means one or more assessment instruments, assessment methods, or assessment procedures, or any combination thereof. These include, but are not limited to, interviews, standardized tests, holistic scoring processes, attitude surveys, vocational or career aptitude and interest inventories, high school or college transcripts, specialized certificates or licenses, educational histories and other measures of performance. The term “assessment instruments, methods, or procedures” also includes assessment procedures such as the identification of test scores which measure particular skill levels, the administrative process by which students are referred for assessment, the manner in which assessment sessions are conducted, the manner in which assessment results are made available, and the length of time required before such results are available. The term “assessment instrument” does not include a test which is used solely to determine whether a student who has formally challenged a prerequisite or corequisite pursuant to subdivision (m)(4) of section 55003 has the knowledge or ability to succeed in a course or program despite not meeting the prerequisite or corequisite.

(c) “Career Goal” is the student's stated occupational interest upon application and is periodically updated during the student’s continued enrollment at the college.

(d) “Course of Study” is the student’s chosen educational program; major or area of emphasis; or course sequence for transfer preparation, career preparation or advancement, completion of basic skills, or English as a Second Language proficiency to achieve the student’s education goal.

(ed) “Disproportionate impact” occurs in broad terms is a condition where access to key resources and supports or academic success may be hampered by inequitable practices, policies, and approaches to student support or instructional practices affecting a specific group. For the purpose of assessment, disproportionate impact is when the percentage of persons from a particular racial, ethnic, gender, age, or disability group, who are directed to
a particular service or course placement based on an assessment instrument, test, method, or procedure other measure is significantly different from the representation of that group in the population of persons being assessed, and that discrepancy is not justified by empirical evidence demonstrating that the assessment instrument, test, method, or procedure other measure is a valid and reliable predictor of performance in the relevant educational setting.

(f) “Education goal” is the student’s stated intent to earn a degree or career technical education certificate, prepare for transfer to a four-year college or university, improve math or English basic skills or English language proficiency, or pursue career advancement or occupational training or retraining, or other educational interest. The education goal is initially identified during the application process and updated throughout the student’s academic career at the college during subsequent course registration or education planning processes.

(g) “Exemption” means waiving or deferring is a waiver or deferral of a student’s participation in orientation, assessment, and/or counseling, or, advisement advising, and other education planning services required pursuant to subdivisions (b), (c), and (f) of section 55520.

(f) “Matriculation services” are those services listed in section 55520.

(g) “Matriculation practices” means one or more instruments, methods, or procedures, or any combination thereof, used in providing any of the matriculation services listed in section 55520.

(h) “Matriculation” is means a process that brings a college and an enrolled student into an agreement for the purpose of realizing the student’s educational goal through the college’s established programs, policies, and requirements achieving the student’s education goals and completing the student’s course of study. This agreement is to be implemented by means of the student’s individual educational plan developed pursuant to section 55525.

(i) “Multiple measures” are a required component of a district’s assessment system and refer to the use of more than one assessment measure in order to assess the student. Other measures that may comprise multiple measures include, but are not limited to, interviews, holistic scoring processes, attitude surveys, vocational or career aptitude and interest inventories, high school or college transcripts, specialized certificates or licenses, education and employment histories, and military training and experience.

(jh) “Orientation” is a process which acquaints students and potential students with, at a minimum, college programs, student support services, facilities and grounds, academic expectations, and institutional procedures, and other appropriate information pursuant to section 55521.

(i) “Student follow-up” is the process of monitoring a student’s progress toward his or her educational goals and providing the student with appropriate advice based on the results of such monitoring.

(k) “Student Success and Support Program Services” are those services listed in section 55520.

4. Section 55510 of article 2 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations amended to read:

   (a) Each community college district shall adopt a matriculation Student Success and Support Program plan describing the services to be provided to its students. The plan shall include, but not be limited to:
      (1) a description of the methods by which required services identified in section 55520 will be delivered.
      (2) a description of the college’s process to identify students at risk for academic or progress probation and the college’s plan for referral to appropriate interventions or services and coordination with the college’s development of its student equity plan.
      (3) a description of partnerships among colleges and with high school districts, workforce agencies, or other community partners to deliver required services pursuant to 55520.
      (4) the district’s college’s budget for services funded through the Student Success and Support Program matriculation;
      (5) plans for faculty and staff professional development related to implementation of the Student Success and Support Program;
      (6) a description of the technology support computerized information services and institutional research and evaluation necessary to implement this subchapter;
      (7) a description of the college’s adopted criteria for exempting students from participation in the required services listed in section 55520 matriculation process consistent with the requirements of section 55532;
      (8) a description of the college’s assessment for placement process, including but not limited to:
         (A) a list of any assessment test(s) and other measures used for English, mathematics, and English as a Second Language course placement pursuant to section 55522.
         (B) a description of the college’s policy on the portability of student assessment scores and placement results for colleges outside the district and for colleges within a multi-college district.
         (C) a description of the college’s assessment procedures on pre-test practice, re-take, and recency.
      (9) a description of policies procedures for establishing and periodically reviewing prerequisites pursuant to section 55003 and procedures for considering student challenges to prerequisites established pursuant to section 55003; and
      (10) a description of the college’s student appeal policies and procedures related to the Student Success and Support Program; and
      (11) in districts with more than one college, arrangements for coordination by the district of the matriculation Student Success and Support Program plans of its various colleges.
   (b) The plan shall be developed through consultation with representatives of the academic senate, students, administrators, and staff with appropriate expertise, pursuant to section 51023 et seq.
(c) Such plans shall conform to the requirements of this subchapter and shall be submitted to the Chancellor for review and approval. The Chancellor may require periodic updates of such plans.


5. Section 55511 of article 2 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is added to read:

§ 55511. Program Reporting, Data Collection, and Audits.
   (a) Each college shall annually report its expenditure of Student Success and Support Program and matching funds in a manner established by the Chancellor.
   (b) Using the Chancellor's Office state management information system, each college shall report data, including, but not limited to, student education goals, courses of study, exemptions, development of student education plans, and services provided that are funded through the Student Success and Support Program or through matching funds. The Chancellor will use data reported by the college to report system and institutional level performance in the Accountability Report for Community Colleges Scorecard and other reports as needed to meet legislative reporting requirements and to monitor compliance with the requirements of this subchapter.
   (c) Each district shall also, as part of its annual financial audit, provide for a review of the revenue and expenditures of the Student Success and Support Program.


6. Section 55512 of article 2 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is amended to read:

§ 55512 Evaluation and Audits. Program Effectiveness and Improvement.
   (a) Each district or community college district shall establish a program of institutional research for the ongoing evaluation of its matriculation process the services funded through the Student Success and Support Program to ensure compliance with the requirements of this subchapter. Colleges shall use the results of its institutional research as a basis to continuously improve services to students.

   As part of this evaluation, all assessment instruments, methods or procedures shall be evaluated to ensure that they minimize or eliminate cultural or linguistic bias and are being used in a valid manner. Based on this evaluation, districts shall determine whether any assessment instrument, method or procedure has a disproportionate impact on particular groups of students described in terms of ethnicity, gender, age or disability, as defined by the Chancellor. When there is a disproportionate impact on any such group of students, the district shall, in consultation with the Chancellor, develop and implement a plan setting forth the steps the district will take to correct the disproportionate impact. The evaluation shall include, but not be limited to, an analysis of the degree to which the matriculation program:
   (1) impacts on particular courses, programs, and facilities;
(2) helps students to define their educational goals;
(3) promotes student success, as evidenced by outcome and retention data such as student persistence, goal attainment, skill improvement, and grades;
(4) assists the district in the assessment of students' educational needs;
(5) matches district resources with students' educational needs; and
(6) provides students with the support services described in section 55520(g).

(b) Each district shall also, as part of its annual financial audit, provide for a review of the revenue and expenditures of the matriculation program.

(bc) The Chancellor shall establish a system for evaluation of the Student Success and Support matriculation Program on a statewide basis, including procedures for monitoring compliance with the requirements of this subchapter.


7. Section 55514 of article 2 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is repealed:

§ 55514. Data Collection.
Each community college district shall submit an annual report describing the district's efforts to implement its matriculation plan and expenditures made for that purpose. In this report, or through the established management information system or otherwise, the data to be collected for evaluation purposes pursuant to Education Code section 78214 and section 55512 of this subchapter. Such data shall specifically include, but is not limited to, the information necessary to permit the Chancellor to determine the following:

(a) the proportion of students from various ethnic, gender, age or disability groups, as defined by the Chancellor, who are placed in nondegree-applicable credit courses, degree-applicable credit courses, or transfer level courses in reading, writing, computation or English as a Second Language.

(b) the proportion of students from various ethnic, gender, age or disability groups, as defined by the Chancellor, who enter and complete nondegree-applicable basic skills courses.

(c) The proportion of students from various ethnic, gender, age or disability groups, as defined by the Chancellor, completing nondegree-applicable basic skills courses who subsequently enter and complete degree-applicable credit courses;

(d) outcome and retention data, as described in section 55512(a), indicating the effectiveness of matriculation;

(e) the basis on which the use of particular assessment instruments, methods or procedures was validated by a district;

(f) the numbers of students exempted, pursuant to section 55532, from participation in the district's matriculation program, by category of exemption;

(g) the number of students filing complaints pursuant to section 55534 and the bases of those complaints;

(h) the particular matriculation services, as listed in section 55520, which each student received; and
8. Section 55516 of article 2 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is amended to read:

§ 55516. Training and Staff Development Professional Development.
Each community college district shall develop and implement a program for providing all faculty and staff with training appropriate to their needs on professional development for the provision of matriculation Student Success and Support Program services, including but not limited to, the proper purpose, design, evaluation, and use of assessment instruments, methods or procedures, as well as their limitations and possible misuse.

9. Section 55518 of article 2 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is amended to read:

§ 55518. Funding.
(a) The Chancellor shall adopt a funding formula, consistent with the requirements of this section, for allocating matriculation Student Success and Support Program funds to community college districts complying with the requirements of this subchapter. Student Success and Support Program funds shall be allocated according to the number of students to receive services at each college and the number of students who received services funded through this subchapter.
(b) Each dollar of state matriculation credit Student Success and Support Program funding shall be matched by three dollars of other district resources devoted to the matriculation program.
(c) Community college districts that receive Student Success and Support Program funding shall agree to implement the Board of Governors’ system of common assessment, if using a standardized assessment test for placement, and implement the Board of Governors’ Accountability Scorecard, pursuant to Education Code section 84754.5.

10. Section 55520 of article 3 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is amended to read:

§ 55520. Required Services.
At a minimum, each community college district shall provide students, except as exempted pursuant to section 55532, with all of the following Student Success and Support Program matriculation services:
(a) the processing of applications for admission;
(ab) orientation and pre-orientation services designed to provide nonexempt students and potential students, on a timely basis, information concerning college procedures and course scheduling, academic expectations, financial assistance, and any other matters the college or district finds appropriate; pursuant to section 55521.

(b) assessment for all nonexempt students pursuant to section 555224;

(cd) counseling, or advisement-advising, or other education planning services for nonexempt students pursuant to section 55523;

(de) assistance in developing a student educational plan pursuant to section 555245, which identifies the student’s educational objectives-goal, course of study, and the courses, services, and programs to be used to achieve them;

(ef) post enrollment evaluation, pursuant to section 55526, of each student’s progress; follow-up services, pursuant to section 55525, to evaluate the academic progress of, and provide support services to, at risk students; and

(fg) referral of students to:

(1) support services which may be available, including, but not limited to, counseling, financial aid, health and mental health services, campus employment placement services, Extended Opportunity Programs and Services, campus child care services, tutorial services, foster youth support services, veterans support services, and Disabled Students Programs and Services; and

(2) specialized curriculum offerings which may be available, including but not limited to, pre-collegiate basic skills-courses and programs in, noncredit programs, and programs in English as a Second Language.


11. Section 55521 of article 3 of subchapter of chapter 6 of division 6 of title 5 of the California Code of Regulations is repealed:

§ 55521. Prohibited Practices.

(a) In implementing matriculation services, community college districts shall not, except as provided in subdivision (b), do any of the following:

(1) use an assessment instrument which has not been approved by the Chancellor pursuant to section 55524, except that the Chancellor may permit limited field-testing, under specified conditions, of new or alternative assessment instruments, where such instruments are not used for placement and are evaluated only in order to determine whether they should be added to the list of approved instruments;

(2) use any assessment instrument in a manner or for a purpose other than that for which it was developed or has been otherwise validated;

(3) use any single assessment instrument, method or procedure, by itself, for placement, required referral to appropriate services, or subsequent evaluation of any student; provided however that, in the case of assessment instruments, the use of two or more highly correlated instruments does not satisfy the requirement for use of multiple measures;

(4) use any assessment instrument, method or procedure to exclude any person from admission to a community college, except that a college may determine the admission of special part-time or full-time students under Education Code section 76002 based on an
assessment which involves multiple measures and complies with other requirements of this subchapter;

(5) use any assessment instrument, method or procedure for mandatory placement of a student in or exclusion from any particular course or educational program, except that districts may establish appropriate prerequisites pursuant to sections 55002 and 55003; or

(6) use any matriculation practice which has the purpose or effect of subjecting any person to unlawful discrimination prohibited by subchapter 5 (commencing with section 59300) of chapter 10.

(b) Notwithstanding the provisions of subdivisions (a)(1) and (2), assessment instruments approved by the Secretary of the United States Department of Education may be used to determine “ability to benefit” in the process of establishing a student’s eligibility for federal financial aid pursuant to subdivision (d) of section 1091 of title 20 of the United States Code.

(c) Notwithstanding paragraphs (1), (2), (3) or (5) of subdivision (a) or the provisions of sections 55003 or 55524, a community college district may use an assessment test to select students for its nursing program, provided that:

(1) the district complies with all other provisions of this subchapter;

(2) the assessment instrument is used in conjunction with other assessment instruments, methods or procedures to select students for enrollment in the nursing program; and

(3) the Chancellor has determined that the assessment instrument predicts likelihood of success in nursing programs, has approved use of the assessment instrument for that purpose and has established statewide proficiency cut-off scores for that instrument pursuant to Education Code section 78261.


12. Section 55521 of article 3 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is added to read:

§ 55521. Orientation.

Each college shall provide all students with information on a timely basis, as determined by the college, regarding policies, procedures and information, including but not limited to:

(1) Academic expectations and progress and probation standards pursuant to section 55031;

(2) Maintaining registration priority pursuant to section 58108;

(3) Prerequisite or co-requisite challenge process pursuant to section 55003;

(4) Maintaining Board of Governors Fee Waiver eligibility pursuant to section 58612;

(5) Description of available programs, support services, financial aid assistance, and campus facilities, and how they can be accessed;

(6) Academic calendar and important timelines.

(7) Registration and college fees.

(8) Available education planning services.

(9) Other issues, policies, and procedures the college determines as necessary to provide a comprehensive orientation to students.
Section 55524 of article 3 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is renumbered and amended to read:

§ 555224. Assessment.

(a) The Chancellor shall establish and update, at least annually, a list of approved assessment instruments tests for use in placing students in English, mathematics, or English as a Second Language (ESL) courses and guidelines for their use by community college districts. When using an English, mathematics, or ESL assessment test for placement, it must be used with one or more other measures to comprise multiple measures. These guidelines shall identify modifications of an assessment instrument or the procedures for its use which may be made in order to provide special accommodations required by section 55522 without separate approval by the Chancellor. Such guidelines shall also describe the procedure by which districts may seek to have assessment instruments approved and added to the list. The Chancellor shall ensure that all assessment instruments included on the list minimize or eliminate cultural or linguistic bias, are normed on the appropriate populations, yield valid and reliable information, identify the learning needs of students, make efficient use of student and staff time, and are otherwise consistent with the educational and psychological testing standards of the American Educational Research Association, the American Psychological Association, and the National Council on Measurement in Education.

(1) Districts and colleges are required to use the Chancellor’s guidelines for the validation of all assessment tests used for placement to ensure that they minimize or eliminate cultural or linguistic bias and are being used in a valid manner. Based on this evaluation, the district or college shall determine whether any assessment test, method, or procedure has a disproportionate impact on particular groups of students, as defined by the Chancellor. When there is a disproportionate impact on any such group of students, the district or college shall, in consultation with the Chancellor, develop and implement a plan setting forth the steps the district will take to correct the disproportionate impact.

(2) The Chancellor may identify other measures of a student’s college readiness that community college districts may use for student placement into the college’s curriculum.

(b) Each community college district shall adopt procedures that are clearly communicated to students, regarding the college’s sample test preparation, how the student test results will be used to inform placement decisions, and the district’s limits on the student’s ability to re-test.

(c) Community college districts shall not, except as provided in subdivision (d), do any of the following:

(1) use an assessment test for placement which has not been approved by the Chancellor pursuant to section 55522, except that the Chancellor may permit limited field-testing, under specified conditions, of new or alternative assessment tests;

(2) use any assessment test in a manner or for a purpose other than that for which it was developed or has been otherwise validated;
(3) use any assessment test process to exclude any person from admission to a college, except that a college may determine the admission of special part-time or full-time students under Education Code section 76002 based on an assessment which involves multiple measures and complies with other requirements of this subchapter; or

(4) use any assessment test, method, or procedure to exclude students from any particular course or educational program, except that districts may establish appropriate prerequisites pursuant to sections 55002 and 55003.

(5) use any Student Success and Support Program practice which has the purpose or effect of subjecting any person to unlawful discrimination prohibited by subchapter 5 (commencing with section 59300) of chapter 10.

(d) Notwithstanding the provisions of subdivision (c)(1) and (2), assessment tests approved by the Secretary of the United States Department of Education may be used to determine “ability to benefit” in the process of establishing a student’s eligibility for federal financial aid pursuant to title 20 United States Code section 1091(d).

(e) Notwithstanding paragraphs (1), (2), (3) or (5) of subdivision (c) or the provisions of sections 55003 or 55522, a community college district may use an assessment test to select students for its nursing program, provided that:

(1) the district complies with all other provisions of this subchapter;

(2) the assessment test or other measures are used in conjunction with other assessment test, methods, or procedures to select students for enrollment in the nursing program; and

(3) the Chancellor has determined that the assessment test predicts likelihood of success in nursing programs, has approved use of the assessment test for that purpose and has established statewide proficiency cut-off scores for that test pursuant to Education Code section 78261.


14. Section 55523 of article 3 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is amended to read:

§ 55523. Counseling, Advisement, Advising, and Other Education Planning Services.

(a) Counseling, advising, and other education planning services shall include, but are not necessarily limited to, the following:

(1) Assistance to students in the exploration of education and career interests and aptitudes and identification of an education and career goal and course of study, including, but not limited to, preparation for transfer, associate degrees, and career technical education certificates and licenses.

(2) The provision of information, guided by sound counseling principles and practices, using a broad array of delivery, including technology-based strategies, to serve a continuum of student needs and abilities to enable students to make informed choices.

(3) Development of an education plan to accomplish a course of study related to a student’s education and career goals.
If not already required to do so by the minimum standards for counseling services set forth in section 51018, each community college district shall make reasonable efforts to do all of the following:

1. Make reasonable efforts to ensure that all nonexempt students who are on academic or progress probation or facing dismissal participate in counseling as provided in section 5502334;

2. Make reasonable efforts to ensure that all nonexempt students who have not declared or do not have a specific educational goal/course of study participate in counseling, advising, or other education planning services to assist them in the process of selecting an specified educational goal and course of study pursuant to section 5553025;

3. Make reasonable efforts to ensure that all nonexempt students who are enrolled in nondegree-applicable basic skills courses participate in counseling, or advisement, advising, or other education planning services; and

4. Make available to all students, advisement or counseling on general academic requirements and the selection of specific courses by counselors or appropriately trained instructor/advisors, and/or other appropriately trained staff working in consultation with counselors.

4. Ensure all nonexempt students described in (b)(1), (b)(2), and (b)(3) receive counseling services, pursuant to section 51018.

(b) Counseling by appropriately trained counselors or advisement by appropriately trained staff may also be made available in any other area the district deems appropriate, including but not limited to, the interpretation of assessment results and the development of a student’s educational plan as required by section 55525

(c) Colleges are required to notify students who are at risk of losing Board of Governors Fee Waiver eligibility due to being placed on academic or progress probation for two consecutive terms. Pursuant to section 58108, colleges are required to notify students who are at risk of losing enrollment priority due to being placed on academic or progress probation or due to exceeding a unit limit. Colleges shall ensure that, within a reasonable time of receiving such notice, students shall have the opportunity to receive appropriate counseling, advising, or other education planning services in order to provide students with an opportunity to maintain fee waiver eligibility and enrollment priority.


15. Section 55525 of article 3 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is renumbered and amended to read:

§ 555245. Student Educational Plan.

(a) Each district or community college district shall establish a process that takes into consideration the student services and instructional resources available for assisting students to select an specified educational goal and course of study within a reasonable time after admission as required by §section 55530(d). This shall include, but not be limited to, the provision of counseling as required by §section 55523(a)(2).

(b) Districts or colleges shall provide students with an opportunity to develop student education plans that are either:
(1) Abbreviated. Abbreviated student education plans are one to two terms in length designed to meet the immediate needs of students for whom a comprehensive plan is not appropriate; or

(2) Comprehensive. Comprehensive student education plans take into account a student’s interests, skills, career and education goals, major, potential transfer institutions, and the steps the student needs to take on their educational path to complete their identified course of study. The comprehensive plan helps the student achieve their course of study. The comprehensive plan includes, but is not limited to, addressing the education goal and course of study requirements, such as the requirements for the major, transfer, certificate, program, applicable course prerequisites or co-requisites, the need for basic skills, assessment for placement results, and the need for referral to other support and instructional services as appropriate. The comprehensive student education plan is tailored to meet the individual needs and interests of the student and may include other elements to satisfy participation requirements for programs such as EOPS, DSPS, CalWORKs, veterans education benefits, athletics, and others.

(cb) Once a continuing nonexempt student has selected a specific educational goal and course of study, the district shall make a reasonable effort to afford the student the opportunity to develop a comprehensive student educational plan describing the responsibilities of the student, the requirements he or she must meet, and the courses, programs, and services required and available to achieve the stated goal.

(de) The student educational plan developed pursuant to Subsection subdivision (b) shall be accessible, timely, and recorded in written or electronic form. The plan and its implementation shall be reviewed as necessary to ensure that it continues to accurately reflect the needs and goals of the student. Districts or colleges shall make a reasonable effort to not duplicate education planning processes including for students participating in special programs.

(ed) If a student believes the district or college has failed to make good faith efforts to develop a plan, has failed to provide programs and services specified in the student educational plan, or has otherwise violated the requirements of this Section, the student may file a complaint pursuant to Section 55534(a).


16. Section 55526 of article 3 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is renumbered and amended to read:

§ 555265. Student Follow-up.

Each community college district shall evaluate the academic progress of, and provide support services to, at risk students establish a student follow-up process to assist the student in achieving his/her educational goal. The follow-up system college shall monitor ensure that the academic progress of each student is regularly monitored to detect early signs of academic difficulty and provide students shall be provided with advice or referral to specialized services or curriculum offerings where necessary pursuant to section 55523. Follow-up services shall be targeted to at risk students, specifically students enrolled in basic skills courses, students who have not identified an education goal and course of study,
or students who are on academic or progress probation or facing dismissal. These services include, but are not limited to, academic or progress probation interventions, academic early alert systems, and referral to other support services. Districts shall also identify and refer to counseling or advisement, as appropriate pursuant to section 55523(a), any students who have not declared a specific educational goal as required by section 55530, who are enrolled in pre-collegiate basic skills courses, or who have been placed on probation.


17. Section 55522 of article 3 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is renumbered and amended to read:

§ 555262. Special Accommodations.
(a) Matriculation Student Success and Support Program services for ethnic and language minority students and students with disabilities, shall be appropriate to their needs, and community colleges districts shall, where necessary, make modifications in the matriculation process to the services provided or use alternative instrument tests, methods, or procedures to accommodate the needs of such students. Districts-Colleges may require students requesting such accommodations to provide proof of need. Extended Opportunity Programs and Services (EOPS) and Disabled Students Programs and Services (DSPS) are authorized, consistent with the provisions of subchapter 1 (commencing with section 56000) and subchapter 2.5 (commencing with section 56200) of chapter 7, to provide specialized matriculation services and modified or alternative matriculation services as identified in 55520 to their respective student populations. Notwithstanding this authorization, participation in the EOPS and DSPS programs is voluntary and no student may be denied necessary accommodations in the assessment process because he or she chooses not to use specialized matriculation services provided by these programs. Modified or alternative matriculation services for limited or non-English-speaking students may be provided in English as a Second Language programs.
(b) Student Success and Support Program services for students served by the Extended Opportunity Programs and Services (EOPS) who are disadvantaged by economic, social, and educational status shall be appropriate to their needs, and colleges shall, where necessary, make modification to the services provided or use alternative supports to meet the needs of such students. EOPS is authorized, consistent with the provisions of subchapter 2.5 (commencing with section 56200) of chapter 7 to provide services that are over, above, and in addition to services otherwise provided to all credit-enrolled students. Notwithstanding this authorization, participation in the EOPS program is voluntary and no student may be denied necessary supports because he or she chooses to not use specialized services provided by this program.
(c) Colleges shall ensure that Student Success and Support Program services are accessible for English language learners and are appropriate to their needs. Colleges shall, where necessary, make modifications to the services provided to accommodate the needs of such students. Modified or alternative services for limited or non-English-speaking students may be provided in English as a Second Language programs.
18. Article 4 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is amended to read:

**Article 4. Appeals, Waivers, Student Rights and Responsibilities, Exemptions, and Appeals.**

19. Section 55530 of article 4 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is repealed:

§ 55530. Student Rights and Responsibilities.

(a) Nothing in this subchapter shall be construed to interfere with the right of a student admitted to a community college in accord with district admission policies adopted pursuant to Education Code sections 76000, et seq., to enroll in any course for which he or she can meet necessary and appropriate prerequisites, if any, which have been established pursuant to the requirements of section 55003.

(b) Community college districts shall take steps to ensure that information is available in written form to all students during or prior to enrollment (e.g., during orientation) and is included in class schedules, catalogs or other appropriate publications, describing their rights and responsibilities under this subchapter.

(c) Districts shall also take steps to ensure that the matriculation process is efficient so that students are not discouraged from participating in college programs. Whenever possible, students should be permitted to avoid additional testing by submitting scores on recently taken tests that correlate with those used by the district.

(d) Students shall be required to express at least a broad educational intent upon admission; declare a specific educational goal within a reasonable period after admission; participate in counseling or advisement pursuant to section 55523(a)(1), (2), and (3); diligently attend class and complete assigned coursework; and complete courses and maintain progress toward an educational goal according to standards established by the district, consistent with the requirements of subchapter 1 (commencing with section 55000) of this chapter. The governing board of each community college district shall adopt clear written policies not inconsistent with law, specifically defining these responsibilities of students and the consequences of failure to fulfill such responsibilities. This policy shall define the period of time within which a student must identify a specific educational goal as required by this subdivision, provided however, that all students shall be required to declare such a goal during the term after which the student completes 15 semester units or 22 quarter units of degree-applicable credit coursework, unless the district policy establishes a shorter period. Once the student has developed a specific educational goal, the district must provide the student with an opportunity to develop a student educational plan pursuant to section 55525. Student responsibilities shall also be identified in the student’s educational plan developed pursuant to section 55525. If a student fails to fulfill the responsibilities listed in this subdivision, fails to cooperate with the district in the development of a student educational plan within 90 days after declaring his or her specific educational goal, or fails to
abide by the terms of his or her student educational plan, the district may, subject to the requirements of this subchapter, suspend or terminate the provision of services authorized in section 55520, provided however, that nothing in this section shall be construed to permit a district to suspend or terminate any service to which a student is otherwise entitled under any other provision of law.

(e) Information obtained from the matriculation process shall be considered student records and shall be subject to the requirements of subchapter 6 (commencing with section 54600) of chapter 5.


20. Section 55530 of article 4 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is added to read:

§ 55530. Student Rights and Responsibilities.
   (a) All students shall be required to:
      (1) identify an education and career goal;
      (2) diligently engage in course activities and complete assigned coursework; and
      (3) complete courses and maintain progress toward an education goal and completing a course of study.
   (b) Nonexempt first time students shall, within a reasonable period of time, be required to:
      (1) identify a course of study.
      (2) be assessed to determine appropriate course placement.
      (3) complete an orientation activity provided by the college.
      (4) participate in counseling, advising, or another education planning service pursuant to section 55523 to develop, at a minimum, an abbreviated student education plan.
   (c) For the purposes of this section, a first time student is a student who enrolls at the college for the first time, excluding students who transferred from another institution of higher education. For purposes of this section, first time enrollment does not include concurrent enrollment during high school. To the extent that a college has the capacity to require and provide the services identified in (b)(1) through (4) to other students, nothing in this section would preclude a college from doing so.
   (d) Nonexempt students who have completed the services identified in (b)(1) through (4) shall be required to complete a comprehensive education plan after completing 15 semester units or 22 quarter units of degree applicable credit course work or prior to the end of the 3rd semester or 4th quarter of enrollment, or a shorter period if required by district or program policy.
   (e) Failure to fulfill the required services listed in (b) may result in a hold on a student’s registration or loss of registration priority pursuant to section 58108 until the services have been completed.
   (f) Information obtained from the matriculation process shall be considered student records and shall be subject to the requirements of subchapter 6 (commencing with section 54600) of chapter 5.
Section 55531 of article 4 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is added to read:

§ 55531. Institutional Responsibilities.
(a) The governing board of each community college district shall adopt policies reflecting the provisions of section 55530, Student Rights and Responsibilities. Colleges shall take steps to ensure that information regarding its matriculation policies are accessible and available to all students during or prior to enrollment (e.g., during orientation) and are included in class schedules, catalogs, or other appropriate communications describing student rights and responsibilities under this subchapter.
(b) Once the student has identified a course of study and completed 15 semester units or 22 quarter units of degree applicable course work, the college must provide the student with an opportunity to develop a comprehensive student education plan pursuant to section 55524 within a reasonable time period. Student responsibilities shall also be identified in the student's education plan developed pursuant to section 55524.
(c) Colleges are required to provide nonexempt students with the services specified in sections 55520, 55521, 55522, 55523, and 55524. Initial implementation of these services is required for first time students identified in section 55530(b) by the fall 2015 term. Beginning with the spring 2015 term, districts shall notify students of the requirements established by this subchapter.
(d) Districts may establish a policy providing that a nonexempt student will have a hold placed on registration or lose registration priority pursuant to section 58108 if a student fails to fulfill the responsibilities set forth in section 55530(b) and (c).
(e) Districts and colleges shall make reasonable efforts to avoid duplication of the orientation, assessment, counseling, advising, or other education planning services, and development of student education plans funded through this subchapter or funded through other programs.
(f) It is the intent of this subchapter that instructional and student services departments at each college shall use multiple sources of data from student education planning efforts and identified courses of study to coordinate course scheduling.

Section 55532 of article 4 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is amended to read:

§ 55532. Exemptions.
(a) Community college districts may elect to exempt certain students from participation in orientation, assessment, counseling, advising, or student education plan development or advisement, as required by subdivisions (a), (b), (c), or (d) of section 55520. Each such district shall establish policies specifying the grounds for exemption. Such policies shall be identified in the Student Success and Support Program matriculation plan required under
section 55510 and the number of students so exempted shall be reported, by category, to the Chancellor pursuant to section 555114.

(b) District policies may adopt policies that exempt a student from orientation, assessment, counseling, advising, or student education plan development or advisement if the student:

(1) has completed an associate degree or higher;
(2) has enrolled at the college for a reason other than career development or advancement, transfer, attainment of a degree or certificate of achievement, or completion of a basic skills or English as a Second Language course sequence;
(3) has completed these services at another community college within a time period identified by the district;
(4) has enrolled at the college solely to take a course that is legally mandated for employment as defined in section 55000 or necessary in response to a significant change in industry or licensure standards.
(5) has enrolled at the college as a special admit student pursuant to Education Code section 76001.

(c) Any student exempted pursuant to this section from orientation, assessment, counseling, advising, or student education plan development shall be notified that he or she is covered by an exemption and shall may be given the opportunity to choose whether or not to participate in that part of the matriculation process.

(d) District policies may shall not exempt a student solely because a student has not selected an education and career goal or course of study. Use any of the following as the sole criterion for exempting any student who does not wish to participate:

(1) the student has enrolled only in evening classes;
(2) the student has enrolled in fewer than some specified number of units;
(3) the student is enrolled exclusively in noncredit courses;
(4) the student is undecided about his or her educational objectives; or
(5) the student does not intend to earn a degree or certificate.

(e) As part of the statewide evaluation provided for under subdivision (c) of section 55511, the Chancellor shall analyze and recommend necessary changes regarding the impact on the matriculation of the exemption policies adopted by community college districts.


23. Section 55534 of article 4 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is amended to read:

§ 55534. Violations, Waivers, and Appeals.
(a) Each community college district shall establish written procedures by which students may challenge any alleged violation of the provisions of this subchapter. Districts shall investigate and attempt to resolve any such challenges and complaints in a timely manner. Such procedures may be consolidated with existing student grievance procedures by action of the governing board. Records of all such complaints shall be retained for at least three years after the complaint has been resolved or longer if necessary.
to meet other requirements and shall be subject to review by the Chancellor as part of the statewide evaluation required under section 555112(c).

(b) When a challenge contains an allegation that a community college district has violated the provisions of section 55521(a),(6) 55522(c), the district shall, upon completion of the challenge procedure established pursuant to this section, advise the student that he or she may file a formal complaint of unlawful discrimination pursuant to subchapter 5 (commencing with section 59300) of chapter 10. Completion of the challenge procedure shall be deemed to be an effort at informal resolution of the complaint under section 59327.

Proposed SB 1456
Student Success and Support Program
Credit Funding Formula
May 6, 2013

Background:
On September 28, 2012, Governor Brown signed Senate Bill 1456, the Student Success Act of 2012, into law. The bill requires the Board of Governors to adopt a new funding formula for the Student Success and Support Program (formerly Matriculation) to allocate funds to colleges. The new law requires the funding formula to include (but not be limited to) the following 3 elements: (1) students to be served; (2) students who received orientation, assessment, counseling/advising, and student education planning services; and, (3) a match requirement.

Beginning November 2012, a 19 member workgroup was convened to review and revise the current MIS data elements reported for matriculation and to develop a new funding formula consistent with SB 1456. The workgroup included a broad representation of system stakeholders: Chief Student Services Officers (2); Matriculation Dean/Coordinators (5); Assessment (1); Chief Instructional Officers (1); Academic Senate for California Community Colleges (2 faculty); Student Senate for California Community Colleges (1); Chief Business Officer (2); Research (2); and MIS (3). The workgroup met over the course of five months and developed a funding formula proposal (described below) using a combination of a general consensus and majority vote decision-making process.

Total State appropriation for the credit Student Success & Support Service Program (formerly Matriculation):

- 40/60 split between headcount & services provided
- Allocations generated by college

Recommended implementation timeline:

- If adopted by the BOG, the new funding formula would be phased in. Colleges’ allocations (unless the state’s SSSP appropriation increases) would remain the same for 2013-14 and 2014-15 to allow colleges to make any MIS programming changes and ensure accurate and consistent reporting of student data.
- The new funding formula would be run to generate allocations for 2015-16 (based on 2014-15 data).
- The workgroup recommends a phased-in approach when the allocation formula is applied: For the first year, 2015-16, protect colleges at 80 percent of prior year funding; and, for the second year, 2016-17, protect colleges at 50 percent of prior year funding.
Student Success and Support Program
Funding Proposal Description

<table>
<thead>
<tr>
<th>40% College’s Potential Population of Students to Receive Services</th>
<th>60% Students Served at the College</th>
<th>College Match</th>
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<tbody>
<tr>
<td><strong>Unduplicated Credit Student Headcount</strong></td>
<td></td>
<td>3:1</td>
</tr>
<tr>
<td><em>(academic year = summer, fall, winter, spring)</em></td>
<td>Initial Orientation 10%</td>
<td></td>
</tr>
<tr>
<td><strong>Base Funding</strong></td>
<td>Initial Assessment 10%</td>
<td></td>
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<tr>
<td><strong>Floor $35K or 10%</strong></td>
<td>Abbreviated SEP 10%</td>
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<tr>
<td><em>(of total state appropriation increases, whichever is greater)</em></td>
<td>Counseling/Advising 15%</td>
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<td></td>
<td>Comprehensive SEP 35%</td>
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<td></td>
<td>At Risk Follow-Up Svc 15%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Follow-Up Svc 5%</td>
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</tbody>
</table>

**Detail:**
- Includes CA resident students enrolled as of census in at least 0.5 credit units, (STD7) headcount status “A,” “B,” “C,” excludes special admits
- DSPS and EOPS students and matriculation services provided are included in

**Funded services based on weights list above for services**

**Detail:**
- 3:1 match that allows colleges to count A&R, research, and student service technology towards the match
<table>
<thead>
<tr>
<th>the counts</th>
<th>provided to the student during the reported term:</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>• <strong>Initial Orientation (10%)</strong>: count once during time student attends the college</td>
</tr>
<tr>
<td></td>
<td>• <strong>Initial Assessment (10%)</strong>: count once during time student attends the college</td>
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<tr>
<td></td>
<td>• <strong>Abbreviated SEP (10%)</strong>: count once per student during time student attends the college</td>
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<tr>
<td></td>
<td>• <strong>Counseling/Advising (15%)</strong>: count once per year per student during time student attends the college</td>
</tr>
<tr>
<td></td>
<td>• <strong>Comprehensive SEP (35%)</strong>: count once per student during time student attends the college (a student who needs their SEP revised or a new SEP in subsequent terms would be reported under “other follow-up service.”)</td>
</tr>
<tr>
<td></td>
<td>• <strong>At Risk Follow-Up Svc (15%)</strong>: count once per term during time student attends the college (after first term)</td>
</tr>
<tr>
<td></td>
<td>• <strong>Other Follow-Up Svc (5%)</strong>: count up to four times during the year during time student attends the college (after first term)</td>
</tr>
</tbody>
</table>

**Funding Proposal Rationale:**

1. Base funding of $35,000 (or 10 percent, whichever is greater) plus unduplicated credit student headcount provides a level of funding protection for smaller colleges while at the same time providing a proportionate share of funding for colleges with larger student populations.

2. A 40/60 split in the total state credit Student Success and Support Program appropriation provides colleges with a base funding on credit student unduplicated headcount, while creating an incentive for colleges to serve greater numbers of students.

3. For the 60 percent total state credit SSSP appropriation, 30 percent would be specifically be targeted to provide services to new students (initial orientation, initial assessment, and abbreviated SEP - considered one time services).

4. Based on the latest research which highlights the importance of providing core services to students upon entry and ensuring students receive services along their pathway to completion, the funding also targets to the provision of services for continuing students. Given the importance of ensuring students identify a course of study and develop an SEP, a greater weight was placed on the comprehensive SEP (which based on the proposed title 5 regulations would be required by first time students who earn 15 degree-applicable units or before the end of the 3rd term).

5. Pre-enrollment services are also funded under the proposed model as part of the funding targeted for initial orientation, initial assessment, and abbreviated SEPs (for students who were served by the college and applied, but who subsequently did not enroll). This would
incentivize colleges who have programs in place to transition high school seniors to college (early start) to continue to do so.

6. What the funded services include:

- **Initial orientation**: for first time students, can be provided pre or post enrollment *(counted one per student during the student’s enrollment at the college)*;
- **Initial assessment**: for first time students, can be provided pre or post enrollment *(counted one per student during the student’s enrollment at the college)*;
- **Abbreviated SEP**: one to two term SEP, can be provided pre or post enrollment *(counted one per student during the student’s enrollment at the college)*;
- **Counseling/advising**: in person counseling or advising provided to a student or group of students; may be pre-enrollment or post-enrollment;
- **Comprehensive SEP**: a more detailed SEP (not simply a list of classes- a definition is provided in the proposed title 5 regs) that in general is longer than one term; if a student identifies a course of study as they enroll at the college, this SEP can be created prior to or after the student enrolls (based on student needs; may also be needed for participation in certain programs, such as federal financial aid);
- **At risk follow-up services**: Given new state policies where a student may lose enrollment priority or their BOG Fee Waiver for poor academic performance, ensuring students who are on academic or progress probation or facing dismissal, have an opportunity to receive support services is critical—these services may include one on one or group counseling sessions, group workshops, non-apportionment generating tutoring services, student success workshops, etc.
- **Other follow-up services**: This category includes a variety of services and provides a funding mechanism for colleges to continue to provide student supports along the student’s educational pathway. This may include subsequent orientations (perhaps based on just-in-time orientations provided at key momentum points), subsequent assessments (career and interest assessments, or assessments tests for re-testing); revision or development of a new SEP (beyond the first abbreviated and comprehensive SEP—if the student changes their course of study, or other changes that may necessitate a revised or new comprehensive SEP); student success workshops, etc.