

AB 376	Mark Stone (D – Scotts Valley)	
<i>Subject:</i> Student loan servicing		
<i>Status:</i> Senate Appropriations (two-year bill)		<i>Program Affected:</i> None
<i>Commission Position:</i> SUPPORT		

SUMMARY

[AB 376](#) establishes the ***Student Borrower Bill of Rights*** and imposes new requirements on student loan servicers. Specifically, this bill:

- Prohibits student loan servicers from engaging in **abusive practices** (i.e. misapplying borrower payments, misrepresenting or omitting information, etc.).
- Requires student loan servicers to give borrowers **timely and accurate information** and guarantee other protections to borrowers.
- Establishes the position of the **Student Borrower Advocate**, under the Department of Business Oversight (DBO), to review complaints from borrowers.
- Tasks the DBO with **new monitoring requirements**, including creating a new “student loan industry report card” to measure effectiveness of different servicers.
- Authorizes victims of industry abuse to bring a **private right of action** against servicers that violate these provisions.

BACKGROUND

The Student Loan Servicing Act (SLSA), originally established in 2018 by AB 2251 (Stone, Chapter 824, Statutes of 2016) requires student loan servicers to obtain a license from the DBO to operate in California. The SLSA also imposes requirements on student loan servicers, prohibits certain practices, and places oversight of student loan servicers with the Commissioner of DBO.

FISCAL IMPACT

None to the Commission.

STATUS UPDATE

There has been no confirmation yet that the bill will move forward given anticipated changes to the legislative process as a result of COVID-19.

Bill Summary

AB 2030	Blanca Rubio (D – Baldwin Park)
<i>Subject:</i> Student financial aid: Cal Grant Program	
<i>Status:</i> Assembly Higher Education	<i>Program Affected:</i> Cal Grant for students attending ICCUs
<i>Commission Position:</i> SUPPORT	

SUMMARY

[AB 2030](#), known as the “**College Opportunity Act**,” would establish a statutory formula to determine the **maximum Cal Grant award** for new recipients attending **independent California colleges and universities (ICCUs)**, commencing with the 2021-22 award year. This bill specifies that the maximum award level would be tied to **68.17 percent of the average cost of educating a California State University (CSU) Cal Grant recipient**. This bill also specifies that the maximum Cal Grant award level may instead be determined by the annual Budget Act if the affected institutions, as a sector, do not accept a specified number of **associate degrees for transfer (ADTs)** in any given year.

BACKGROUND

The Cal Grant award for students attending ICCUs is currently determined by the annual State Budget Act. The maximum Cal Grant tuition award for students attending these institutions has lost considerable value in recent years, unlike the Cal Grant tuition award for students attending public, four-year institutions, which is statutorily linked to systemwide tuition and fees. The award peaked at \$9,708 in 2000 and has since been reduced to \$9,084 – less than 65 percent of its inflation-adjusted value. Prior to 2000, the maximum Cal Grant award at private, non-profit institutions was tied to a formula that increased annually by attempting to capture increases in college costs and living costs.

FISCAL IMPACT

The Association of Independent California Colleges and Universities (AICCU), the sponsor of AB 2030, estimates first-year implementation General Fund costs of just over \$7 million, with ongoing costs totaling \$22.5 million over three years. The award in the first year would increase by \$624, making the total award \$9,708.

STATUS UPDATE

There has been no confirmation yet that the bill will move forward given anticipated changes to the legislative process as a result of COVID-19. Given the budget outlook, AICCU has indicated a willingness amend the formula to make the bill cost neutral in the first year. This would be done by adjusting the floor of the award formula to \$9,084, where the current award amount is currently set.

Bill Summary

AB 2819	Monique Limón (D – Santa Barbara)	
<i>Subject:</i> California Student Opportunity and Access Program		
<i>Status:</i> Assembly Desk		<i>Program Affected:</i> Cal-SOAP
<i>Commission Position:</i> SPONSOR		

SUMMARY

[AB 2819](#) would modernize the functions and priorities of the **California Student Opportunity and Access Program (Cal-SOAP)**. Specifically, this proposal would update the statutes governing Cal-SOAP to reflect an enhanced focus on helping students and families: understand the **true costs of college**, understand **college financing options** (*i.e.* family contributions, financial aid, student loans, and work contributions), and **apply for financial aid**. This bill includes a provision that encourages Cal-SOAP consortia to target services and outreach to **historically underserved students**, including current and former foster youth, undocumented students, and LGBTQ+ students. Furthermore, this bill would make it the goal of the 15 regional Cal-SOAP projects to employ historically underserved undergraduate students to mentor Cal-SOAP students as “**college success coaches**.” Lastly, this bill would require **reporting and outcomes measurement** for middle- and high-school students receiving services through Cal-SOAP consortia.

Background: Cal-SOAP, created by the Legislature in 1978, consists of 15 regionally based projects overseen by the Commission. Currently, Cal-SOAP has a statutory mandate to improve access to higher education through raising the academic achievement levels of underserved populations. While many Cal-SOAP projects have made college affordability a priority, the governing statute has not been updated significantly in over 40 years. Numerous programs seek to prepare underserved students for college but few focus on helping students understand the true cost of higher education and supporting them through the financial aid application process.

FISCAL IMPACT

While this bill may require Cal-SOAP consortia to shift their funding towards college affordability efforts, there are no anticipated costs to the Commission for this bill.

STATUS UPDATE

The office of Assemblymember Monique Limon agreed to carry Cal-SOAP legislation described in the above summary. Commission staff drafted language and the author’s office plans to gut-and-amend AB 2819. However, even though the amendments were submitted, AB 2819 has not been formally amended because the Assembly Desk has been closed as a result of the COVID-19 crisis. On Monday, April 27 Assemblymember Limón’s staff informed our office that the Assemblymember is holding AB 2819 given an evaluation of the bill against Covid-19 criteria from Committees, and the bill would not be set for hearing.

Bill Summary

SB 860	Jim Beall (D – San Jose)	
<i>Subject:</i> Foster Youth Services Coordinating Program: postsecondary education financial aid applications		
<i>Status:</i> Senate Education		<i>Program Affected:</i> None
<i>Commission Position:</i> SUPPORT		

SUMMARY

[SB 860](#) would require local educational agencies to include in their **Foster Youth Service Plans** a description of how they will coordinate efforts to ensure **completion of financial aid applications for foster youth students** in 12th grade as a condition of receiving funds from the Foster Youth Services Coordinating Program.

Background: Existing law establishes the Foster Youth Services Coordinating Program, under the administration of the Superintendent of Public Instruction, to provide supplemental funding to county offices of education for the purpose of coordinating services and ensuring positive educational outcomes for foster youth students.

FISCAL IMPACT

This bill may result in an increased demand for trainings provided by the Commission's Program Administration and Services Division (PASD).

STATUS UPDATE

There has been no confirmation yet that the bill will move forward given anticipated changes to the legislative process as a result of COVID-19. SB 860 was scheduled to be heard in Senate Education on March 25th; but the hearing was postponed by the committee. The author's office has indicated they intend to move forward with the bill.