

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 changes to the legislative process necessitated by COVID-19. However, the sponsor has indicated they are continuing to pursue the legislation.

Bill Summary

AB 2030	Blanca Rubio (D – Baldwin Park)	
<i>Subject:</i> Student financial aid: Cal Grant Program		
<i>Status:</i> Senate 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 students attending private, nonprofit institutions commencing with the 2021-22 award year. This bill specifies that the maximum award level would be tied to 63.787 percent (originally 68.17) 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 private, nonprofit institutions 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

An Assembly Appropriations analysis estimated annual General Fund increases of about \$5 million in the first year for new students receiving the award with full implementation costs of \$20 million in the 2024-25 award year. After Assembly Appropriations, the author’s office made amendments that made the bill cost-neutral in the first year by adjusting the floor of the award formula to \$9,084, where the current award amount is currently set.

STATUS UPDATE

Passed the Assembly on June 15th → Referred to the Senate Education Committee

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> Assembly Education	<i>Program Affected:</i> None
<i>Commission Position:</i> SUPPORT	

SUMMARY

[SB 860](#) would require local educational agencies, to the extent possible, 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

Passed the Senate on June 11th → Referred to the Assembly Education Committee