AB 789 (Berman)
Preserving Financial Aid for California Students

SUMMARY

AB 789 would ensure that more California students are able to keep their financial aid and achieve their higher education goals.

BACKGROUND

California has made substantial gains in ensuring low-income students receive financial aid at the onset of their higher education journey through the expansion of the Cal Grant and Middle Class Scholarship programs.

For college and university students, access to financial aid has been cited as key to improving academic outcomes as well as addressing racial inequities and basic needs insecurity. While much attention has been paid to the need to expand financial aid access at the beginning of a student’s academic career, very little attention is given to whether students are subsequently able to maintain financial aid once enrolled.

In order to maintain a Cal Grant or federal financial aid, students must meet certain satisfactory academic progress (SAP) standards, governed by federal regulations, such as a minimum Grade Point Average, a maximum timeframe for completion, and a minimum course completion rate. Federal regulations also allow students to file an appeal that, if successful, results in the reinstatement of their financial aid.

A report released in July 2021, titled “The Overlooked Obstacle – How Satisfactory Academic Progress Policies Impede Student Success and Equity,” found that 24 percent of first-year California community college students receiving a federal Pell Grant did not meet SAP standards during their first two consecutive academic terms. Black and Native American students were twice as likely as white and Asian students to not meet those standards. Likewise, students not meeting SAP standards was also found to be a significant issue at four-year universities.

Further, the 2021 report comparing the characteristics of students who did not meet SAP standards to those who did meet those standards found no difference in the students’ motivation to attend and succeed in college. However, the students who did not meet those standards had significantly more life responsibilities, such as childcare and employment demands, and fewer resources, including access to food, housing, and reliable transportation.

Students who are deemed as not meeting their institution’s SAP standards during any two consecutive academic terms or one year of enrollment must have their Cal Grant and federal financial aid terminated unless they successfully appeal that determination.

As noted, current federal regulations allow students to appeal the loss of financial aid due to special circumstances as defined by each individual postsecondary educational institution. Some postsecondary educational institutions that participate in state-funded financial aid programs do not take full advantage of federal flexibility related to...
grounds for appeal, unnecessarily limiting students’ ability to keep their financial aid.

As evidence of the gravity of the problem, “The Overlooked Obstacle” report revealed that 87 percent of the California community college students who did not make SAP standards during their first two consecutive academic terms either disenrolled or lost their financial aid.

Therefore, despite the critical role played by financial aid in college achievement, sizeable numbers of marginalized students lose access to financial aid due to SAP standards and it is these already marginalized students who are unlikely to return and achieve their higher education dreams.

**THIS BILL**

AB 789 would remove barriers that limit students’ ability to keep their financial aid. It would do this by establishing a common set of standards for SAP to ensure that all California students, regardless of the postsecondary educational institution, are provided with the flexibility allowed under federal law. This would include:

- establishing minimum communication standards related to SAP policies and appeals processes
- preventing additional requirements that are more restrictive than those that are federally mandated
- specifying criteria for how SAP appeals are accepted and handled
- ensuring students with a prior SAP disqualification have the opportunity to apply to regain access to financial aid upon reentry
- requiring regular reports on SAP disqualification and appeal rates

**SUPPORT**

- John Burton Advocates for Youth (co-sponsor)
- Cal State Student Association (co-sponsor)
- NextGen Policy (co-sponsor)
- Southern California College Access Network (SoCal CAN) (co-sponsor)
- Student Senate for California Community Colleges (co-sponsor)
- The Institute for College Access & Success (co-sponsor)
- uAspire (co-sponsor)
- UC Student Association (co-sponsor)
- UNITE-LA (co-sponsor)

**OPPOSITION**

None on File

**FOR MORE INFORMATION**

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