



March 10, 2021

The Honorable Jose Medina
Chair, California State Assembly Higher Education Committee
State Capitol Room 2141
Sacramento, CA 95814

The Honorable Kevin McCarty
Chair, California State Assembly Committee on Budget, Subcommittee 2 on Education Finance
State Capitol Room 2136
Sacramento, CA 95814

The Honorable Connie Leyva
Chair, California State Senate Education Committee
State Capitol Room 4061
Sacramento, CA 95814

RE: AB 1456 (Medina, McCarty, Leyva), Cal Grant Reform Act: SUPPORT IF AMENDED

Dear Chair Medina, Chair McCarty, and Chair Leyva:

As higher education advocacy organizations united in strengthening state need-based financial aid so that all Californians can afford to successfully earn a higher education credential, we write today regarding AB 1456 (Medina, McCarty, Leyva), the Cal Grant Reform Act. Our organizations are deeply committed to ensuring equitable, affordable college opportunity for Californians, and we are grateful for your leadership in the pursuit of a stronger Cal Grant program, so that low-income students' higher education success is not curtailed by unaffordable costs and burdensome debt.

When the modern-day Cal Grant program was created twenty years ago, younger eligible Californians for the first time were guaranteed an award that covers statewide tuition and fees at public universities, and for the lowest income a stipend to help pay for critical non-tuition costs, including living expenses, books and supplies, and transportation.¹ The creation of the Cal Grant entitlement was a crowning achievement in its time and it remains a leading state grant program today. Yet the intervening two decades have also laid bare its structural limitations: eligible applicants outside of the “entitlement” window have had to compete for a very limited number of awards, and – without being pegged to a meaningful threshold – the value of students’ stipends for non-tuition costs has fallen dramatically.

We are immensely appreciative of the importance of extending the Cal Grant entitlement to the lowest income California community college (CCC) students (those eligible for the maximum federal Pell Grant) regardless of age or prior academic merit and ensuring full tuition coverage for Pell Grant recipients at public universities, both of which were included in the California Student Aid Commission’s Cal Grant Equity Framework and are reflected in AB 1456. We are additionally grateful that the bill includes an automatic annual growth factor by tying the Cal Grant 2 (the equivalent of the current Cal Grant B access award) to the California Consumer Price Index (CCPI) to avoid the level of stagnation experienced previously.

However, we remain concerned that, without modification, AB 1456 may increase low-income Californians’ struggles to afford college, as described below, and respectfully ask you to consider amendments to address these issues:

- **The bill as introduced would cut CCC students’ Cal Grant award amounts from \$1,648² to \$1,250, worsening some community college students’ affordability struggles and reducing the share of non-tuition costs being covered by a Cal Grant.** Despite the lowest tuition and fees in the nation, CCCs are often more expensive than public universities for low-income students who must work, borrow, or cut back on the number of classes they take to cover college costs after available grant aid.³ While expanding access to grants will open up new eligibility to more low-income students, doing so at the expense of other low-income students is robbing Peter to pay Paul. Moreover, the grant amount has declined significantly in real terms: Twenty years ago, the access award covered 16 percent of non-tuition costs compared to nine percent today. At \$1,250, it would cover just six percent of non-tuition costs. We urge you to amend AB 1456 to ensure that, at a minimum, the Cal Grant 2 retains its current value of \$1,648.

¹ Cal Grant recipients at private institutions receive a specified amount based on whether they are nonprofit or for-profit, and whether or not they are accredited by the Western Association of Schools and Colleges.

² This is the current maximum budgeted Cal Grant B access award; for AY 2020-21, recipients also received an additional \$8 from the College Access Tax Credit Fund, bringing the total maximum award to \$1,656.

³ The Institute for College Access & Success (TICAS). 2020. *What College Costs for Low-Income Californians: 2020*. <https://ticas.org/wp-content/uploads/2020/08/what-college-costs-for-low-income-californians-2020.pdf>.

- **The bill provides an entitlement to university students eligible for federal Pell Grants at any level, but limits community college students' entitlement to those eligible for the maximum Pell Grant.** Financial aid programs need to be understood in the context of other financial aid programs, and the community colleges' California College Promise Grant provides coverage of tuition costs for low- and middle-income families. This offsets the disparity in eligibility standards for Cal Grant 2 and Cal Grant 4, because low income students across both types of colleges will have tuition charges covered. However, many community college Pell Grant recipients not eligible for the maximum grant still have unmet financial need that are worthy of addressing with state financial aid, and they should not be shut out of the Cal Grant program. To address the disparity in financial eligibility thresholds between the proposed Cal Grant 2 and Cal Grant 4 programs, at a minimum the state must articulate a policy goal of reaching equal standards over time.

In addition to the previous two recommendations, which are integral to our support of AB 1456, we further offer two recommendations for how existing provisions could be strengthened:

- **A stronger growth adjustment for the Cal Grant 2 would better protect its purchasing power.** We very much appreciate that AB 1456 includes an automatic annual growth factor by tying the Cal Grant 2 to the CCPI. Had this award been tied to the CCPI over the last twenty years, today its purchasing power would have declined much more slowly to covering 13, instead of nine, percent of non-tuition college costs. We support reform that ensures award sizes are inflation adjusted each year, and encourage the Legislature to consider an even stronger growth factor to retain its value over time.⁴
- **Requiring colleges to prioritize low-income students with their own resources would better support program goals.** We appreciate that the bill includes language requiring four-year colleges and universities to report on their efforts to help ensure institutional aid dollars are prioritized to help the least resourced students afford non-tuition costs. There is opportunity to strengthen the provision even further by including language that ensures they do so, specifically by requiring that: (1) collectively, the amount of resources schools put towards institutional aid is not only maintained but also grows modestly year over year, (2) funds are explicitly prioritized for the least resourced students, and (3) institutional aid dollars aim to get eligible students' unmet need down to a level that is manageable with a modest workload, which could be prescribed in statute and calculated annually by the California Student Aid Commission.⁵

We are excited about the introduction of AB 1456, which creates a vehicle to address longstanding structural inequities within the Cal Grant program that have long impacted our state's most

⁴ For more on different approaches to maintaining and increasing the award's value, please see: TICAS. January 19, 2021. Memo. "Ensuring Cal Grant Reforms Support Meaningful Coverage of Students' Non-Tuition College Costs." <https://ticas.org/wp-content/uploads/2021/01/TICAS-Access-Award-Memo.pdf>.

⁵ A reasonable student self-help contribution supported by many stakeholders would be the equivalent of no more than 15 hours of work per week at California minimum wage for the nine-month academic year.

vulnerable students by keeping far too many out and providing insufficient support for basic needs and other non-tuition costs for those who do receive an award, both of which have perpetuated disparities in college enrollment and completion. We are grateful to the authors for their longstanding commitment to strengthening state financial aid and for championing Cal Grant reform that supports the needs of California’s low-income, underrepresented, older, and non-traditional students across all types of colleges, and in particular community colleges which serve most of the state’s low-income students and students of color. We appreciate that AB 1456 builds upon the California Student Aid Commission’s equity framework by including a growth factor and institutional aid requirements, **and look forward to supporting AB 1456 if the amendments described above are incorporated into the legislation.**

Thank you for your time and consideration, and for all that you do to ensure all Californians have the supports they – and the state – need to thrive.

Sincerely,



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CC: Senator Toni G. Atkins, President pro Tempore, California State Senate
Assemblymember Anthony Rendon, Speaker of the Assembly, California State Assembly
Senator Nancy Skinner, Chair, California State Senate Budget and Fiscal Review Committee
Assemblymember Phil Y. Ting, Chair, California State Assembly Committee on Budget
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