



May 10, 2021

The Honorable Nancy Skinner
 Chair, California State Senate
 Budget and Fiscal Review Committee
 State Capitol, Room 5019
 Sacramento, CA 95814

The Honorable Phil Ting
 Chair, California State Assembly
 Committee on Budget
 State Capitol, Room 6026
 Sacramento, CA 95814

The Honorable John Laird
 Chair, California State Senate
 Budget and Fiscal Review Committee,
 Subcommittee 1 on Education
 State Capitol, Room 4040
 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

RE: Equitable Investments in State Financial Aid in the 2021-22 California State Budget

Dear Chairs Skinner, Ting, Laird, and McCarty:

As a diverse coalition of higher education advocacy, civil rights and social justice, business and workforce, and student leadership organizations united in strengthening state need-based financial aid so that all Californians can afford to successfully earn a higher education credential, **we write to strongly urge your inclusion of targeted and equitable investments in state financial aid in the 2021-22 California State Budget.** Our organizations are deeply committed to ensuring equitable, affordable college opportunity, and we are grateful for your leadership in the pursuit of strengthening college affordability, so that low-income students' higher education success is not curtailed by unaffordable costs and burdensome debt, which the financial impacts of the COVID-19 pandemic threaten to exacerbate. While there are many important steps to meaningfully reform the state Cal Grant program, **the top priority is remedying the current program's longstanding structural limitations by 1) extending an entitlement award to all students with Pell Grant-eligible financial circumstances and 2) ensuring the value of the access award that helps cover key non-tuition costs is, at minimum, maintained and tied to an annual growth factor.**

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 two key structural limitations: eligible applicants outside of the "entitlement" window have had to compete for a very limited number of awards, and the value of students' stipends for non-tuition costs – without being pegged to a meaningful threshold – has fallen dramatically. The impacts of the ongoing pandemic on students' budgets only underscore the importance of providing robust financial aid for vulnerable students. Even before its onset, many California students struggled to afford their basic needs, and just two months into the global crisis a substantial seven in ten students reported losing some or all of their income.¹ By January 2021, a majority of students continued to report reduced income, with students of color among those hardest hit – over half of Black and Latinx students report increased symptoms of food insecurity, and half of Black students report challenges with paying for housing.²

We are grateful that both the Assembly and Senate – through AB 1456, which outlines the Cal Grant Equity Framework that [we support](#), and the Senate Democrats Budget Priorities for 2021-22 and Beyond – have introduced proposals that address both of these structural issues that have perpetuated inequities in college access and success for students at all types of colleges,³ both before and throughout the pandemic. Addressing the structural limitations of the current Cal Grant program are of particular importance for California community colleges (CCC), whose students currently receive just seven percent of Cal Grant dollars despite serving two-thirds of the state's college students and the majority of the state's students of color.⁴ While college costs are burdensome for most students,

¹ California Student Aid Commission. 2020. *COVID-19 Student Survey*.

https://www.csac.ca.gov/sites/main/files/file-attachments/2020_covid19_student_survey.pdf?1594172054.

² The Institute for College Access & Success (TICAS). 2021. *The Impact of COVID-19 on California's College Students*. <https://ticas.org/wp-content/uploads/2021/04/The-Impact-of-COVID19-on-CA-College-Students.pdf>.

³ See [AB 1456](#) (Medina, McCarty, Leyva), Cal Grant Reform Act; and [Build Back Boldly: Senate Democrats Budget Priorities for 2021-22 and Beyond](#).

⁴ TICAS. 2016. *How and Why to Improve Cal Grants: Key Facts and Recommendations*. https://ticas.org/wp-content/uploads/legacy-files/pub_files/how_and_why_to_improve_cal_grants.pdf.

they fall most heavily on low-income Californians, many of whom are students of color. The least resourced Californians attending public colleges and universities must put about half of their income towards covering higher education costs *after* available grant aid, compared to about one-quarter or less of the income for students in other income groups.⁵ This has significant racial equity implications, with the majority of the state’s Black, Latinx, and Native American students coming from families who make less than \$30,000 annually.⁶

As the state works to strengthen state need-based financial aid to more sufficiently cover students’ total college costs, we urge you and legislative leadership to provide the most equitable path forward by ensuring the state’s lowest income students have access to the financial aid they need to succeed.

This approach requires prioritizing two principles for reform:

Extend an Entitlement Award to All Students with Pell Grant-Eligible Financial Circumstances

Ensuring that all students receive the awards for which they are eligible remains an urgent priority and a key reform reflected in proposals by both chambers, in particular by removing age and time-specific barriers to Cal Grant receipt. Less than ten percent of CCC students currently receive a Cal Grant, and extending the Cal Grant entitlement to low-income CCC students, regardless of age or time out of high school, would be a major policy milestone that would ensure tens of thousands more Californians have access to financial resources they need to support them on their higher education paths. With CCCs serving the majority of the state’s students of color,⁷ this reform is critical for closing the state’s equity gaps in higher education access and success.

Furthermore, we urge the state budget to include funding levels that ensure all students at public colleges and universities with Pell Grant-eligible financial circumstances receive a Cal Grant, as provided for in AB 1456 as amended. Providing this financial support to the most vulnerable Californians, upon whose college completion the state’s economy relies, will align state and federal financial aid policies to create a more streamlined, coordinated approach to college affordability that can be more clearly communicated to students and families. These targeted investments will ensure California’s underserved students understand and receive the supports they need to successfully earn a higher education credential that will facilitate their – and the state’s – ability to thrive.

Strengthen the Access Award to Better Cover Students’ Total Cost of Attendance

Ideally, the state will create a college affordability guarantee for all Californians, whereby no student has to work more than fifteen hours a week at statewide minimum wage during the academic year,

⁵ TICAS. 2017. *College Costs in Context: A State-by-State Look at College (Un)Affordability*. https://ticas.org/files/pub_files/college_costs_in_context.pdf.

⁶ TICAS calculations on data from the National Postsecondary Student Aid Study, 2015-16.

⁷ The Campaign for College Opportunity. 2021. *Follow the Money*. https://collegecampaign.org/wp-content/uploads/2021/02/Follow-the-Money-8_5x11-Update.pdf.

with grant aid covering the remainder of students' unmet financial need for their total college costs.⁸ Ensuring that California's lowest income students, and those at community colleges in particular, receive ample financial aid to cover non-tuition costs is a critical step towards such a guarantee.

As a first step, it is imperative that the access award, which helps low-income students cover non-tuition college costs including basic needs, is, at minimum, protected from dropping below its current maximum of \$1,656.⁹ This amount currently covers just nine percent of students' non-tuition college costs, which can exceed \$20,000 annually for many students across all types of colleges. Maintaining the award's value is a critical first step in moving towards covering students' total college costs¹⁰ – a principle that is central to both chambers' proposals.

Moreover, tying the access award amount to an automatic annual growth factor is also needed to ensure its value doesn't continue to diminish over time.¹¹ Linking it to at least the California Consumer Price Index, as provided for in AB 1456's design of the Cal Grant 2 – and ideally to actual changes in non-tuition costs as identified by the institutions – will avoid the decline in value that the award has experienced over the years.¹²

As organizations that have been invested for many years in meaningfully strengthening and equitably reforming state need-based financial aid, we are excited for the bold steps that both the Assembly and Senate proposals take to address longstanding structural inequities within the Cal Grant program, which have long impacted our state's most vulnerable students and perpetuated disparities in college enrollment and completion. We are grateful to both the Senate and Assembly for their ongoing commitment to making college in California affordable 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. In order to eliminate current barriers to state financial aid, move closer towards covering students' total college costs, and ensure the state's economic path out of the pandemic is equitable, **we respectfully urge you to prioritize the reform principles discussed above, and provide funding levels that adequately support them, in the 2021-22 state budget.**

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

⁸ TICAS. 2019. *Charting the Course for Redesigning Financial Aid in California*. <https://ticas.org/wp-content/uploads/2019/10/charting-the-course.pdf>. The state should consider lowering this contribution further for the lowest income students, such as those with Pell Grant-eligible financial circumstances.

⁹ This is currently reflected in AB 1456 (Medina, McCarty, Leyva), as amended April 12, 2021.

¹⁰ 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>.

¹¹ An annual growth factor is also included in AB 1456 (Medina, McCarty, Leyva).

¹² For more on different approaches to maintaining and increasing the access 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>.

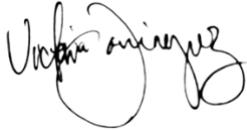
Sincerely,



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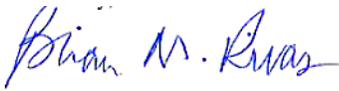
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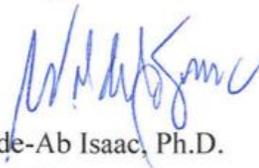
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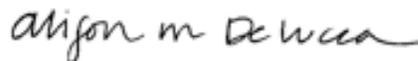
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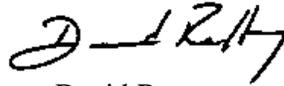
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