



May 28, 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 and Meaningful Reform of 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 and meaningful reform of state financial aid in the 2021-22 California State Budget by implementing key principles as laid out in the Cal Grant Equity Framework, implemented through Assembly Bill 1456, and Senate budget priorities discussed below.** 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, both of which the COVID-19 pandemic threatens to exacerbate.

While we are grateful for the Governor's commitment to college access and success and addressing underlying cost drivers for the state's college students, it is imperative that we **strengthen state financial aid today to remedy the Cal Grant program's longstanding structural limitations.** It is critical that California ensure its most vulnerable students are prioritized **by 1) extending an entitlement award to at least 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 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 make more urgent the imperative of providing robust financial aid for vulnerable students to enable their higher education success. Even before the onset of COVID-19, 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 Furthermore, the majority of California students now expect to receive their degree later than planned as a result of the pandemic's impact on their budget, with community college students, older students, and Filipino, Black, Indigenous/Native American, and Latinx students more likely to report expecting degree delays.³ We have long called for meaningful structural changes to and investments in state need-based financial

¹ California Student Aid Commission and California Education Lab, UC Davis School of Education. 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 TICAS. May 24, 2021. Blog post. "The Uneven Cost of COVID-19 on College Completion in California." <https://ticas.org/california/the-uneven-cost-of-covid-19-on-college-completion-in-california/>.

aid to support vulnerable students, in particular those who are lower income and students of color, and the ongoing crisis only underscores the urgency for movement on both today.

We are grateful that both the Assembly and Senate – through AB 1456, which implements the Cal Grant Equity Framework that [we support](#), and the Senate Democrats Budget Priorities for 2021-22 and Beyond – have advanced proposals that address both of these structural issues that have perpetuated inequities in college access and success for students at all types of colleges,⁴ 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.⁵ While college costs are burdensome for most students, 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.⁶ 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.⁷

We urge you and legislative leadership to provide the most equitable path forward to guarantee access to robust financial aid that sufficiently covers students’ total college costs by ensuring all California students, with the lowest income afforded highest priority, are awarded the financial aid they need to succeed. While not exhaustive of all that can and should be done to meaningfully reform the state Cal Grant program, the following two principles must be prioritized:

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*. Eligible students across all types of colleges currently go without a Cal Grant simply because they are more than one year out of high school, leaving many older and non-traditional students without the financial supports they need to succeed in college. Students at CCCs, which serve two-thirds of the state’s college students, are particularly hard hit, with less than ten percent currently receiving a Cal Grant. Extending the Cal Grant entitlement to low-income college 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

⁴ See [AB 1456](#) (Medina, McCarty, Leyva), Cal Grant Reform Act; and [Build Back Boldly: Senate Democrats Budget Priorities for 2021-22 and Beyond](#).

⁵ 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.

⁶ 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.

⁷ TICAS calculations on data from the National Postsecondary Student Aid Study, 2015-16.

they need to support them on their higher education paths. Moreover, with CCCs serving the majority of the state's students of color,⁸ this reform is critical for closing the state's equity gaps in higher education access and success.

We commend both the Senate and Assembly for prioritizing this essential principle for reform in their respective proposals: the Senate's Build Back Boldly plan, and the Assembly's AB 1456, which, in codifying the California Student Aid Commission's Cal Grant Equity Framework, takes additional, needed steps to streamline and simplify the Cal Grant program to ensure it is no longer unnecessarily complicated for students and families to navigate.

We furthermore urge the state budget to include funding levels that *at least* ensure all students at public colleges and universities with Pell Grant-eligible financial circumstances receive a Cal Grant, which could be accomplished by fully funding the Cal Grant Equity Framework phases 1 and 2 as provided for in AB 1456 as amended. 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. Providing this financial support to the most vulnerable Californians, upon whose college completion the state's economy relies, will furthermore 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.

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

To sufficiently support all Californians in affording a higher education credential, the state should create a college affordability guarantee for all Californians, a concept which has been uplifted by both legislative chambers. This would ideally be in the form of statewide pledge whereby no student has to work more than fifteen hours a week at statewide minimum wage during the academic year, with grant aid covering the remainder of students' unmet financial need for their total college costs.⁹ Ensuring that California's lowest income students, and those at community colleges in particular, receive sufficient financial aid to cover non-tuition costs is a crucial step towards such a guarantee.

To this end, it remains 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 \$1,656.¹⁰ 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

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

⁹ 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.

¹⁰ This is currently reflected in AB 1456 (Medina, McCarty, Leyva), as amended April 12, 2021.

the award's value is critical in moving towards covering students' total college costs¹¹ – a principle that is central to both chambers' proposals and already provided for in the Cal Grant Equity Framework codified in AB 1456.

Moreover, tying the access award amount to an automatic annual growth factor is needed to ensure its value doesn't continue to diminish over time.¹² 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.¹³

We are grateful to both the Senate and Assembly for their ongoing commitment to making college in California affordable for all students, and the most vulnerable in particular. It is critical that the state ensure all of California's low-income students, regardless of age or time out of high school, receive a Cal Grant that supports their total college costs, which can be achieved by adopting Phases 1 and 2 of the Cal Grant Equity Framework, as currently reflected in AB 1456 as amended and reflected in priorities outlined in the Senate's Build Back Boldly plan. 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.

Sincerely,



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¹¹ 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>.

¹² An annual growth factor is also included in AB 1456 (Medina, McCarty, Leyva).

¹³ 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>.



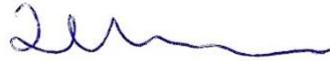
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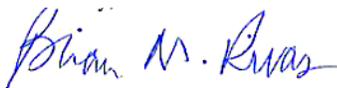
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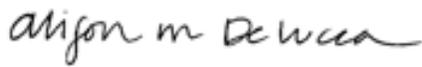
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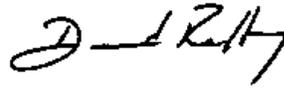
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