April 14, 2022

The Honorable Jose Medina
Chair, California State Assembly Higher Education Committee
1020 N Street, Room 173
Sacramento, CA 95814

RE: Letter of Opposition re: AB 2572 (Rubio) as Amended 3/24/2022

Dear Chair Medina,

We represent a group of higher education, consumer, workforce, civil rights, and student advocates focused on strengthening state need-based financial aid and ensuring that all students in California can access high-quality higher education opportunities, earn meaningful credentials, and avoid unmanageable debt burdens. We are writing respectfully to oppose and express serious concerns regarding Assembly Bill 2572.

Robust and equitable state financial aid programs are a vital resource for California’s students, and we are grateful for your longtime leadership in building a stronger, more equitable Cal Grant program, including your work this year on AB 1746, which will remove additional non-financial eligibility barriers at the community college level, align eligibility criteria with the federal Pell Grant, and ensure that the award amounts better address the soaring non-tuition costs of college. Continuing to expand the reach of the Cal Grant could not come at a more important time. Californians have long faced college affordability challenges, which the COVID-19 pandemic exacerbated: many students, particularly those who identify as Black, Indigenous, Latino, and Filipino, have been forced to prioritize employment and family obligations over college attendance.¹

We share AB 2572’s focused concern for adult learners with some college education but no degree, many of whom face structural barriers in accessing financial aid and returning to college. However, we believe that these students will be best served by a stronger Cal Grant, and that proposals included in the bill will have unintended consequences and expose the state and California’s students to unnecessary risk.

First, AB 2572 would add unnecessary complexity to our state financial aid programs, creating a brand-new, boutique program to solely serve Californians aged 25 and over, who are enrolled exclusively in online education at either an in-state public higher education institution or a private nonprofit – even if it does not have a physical presence in California.

Second, the efficacy of exclusively online education remains unproven and research to date on learning outcomes lag, particularly for BIPOC students, male students, and students with academic challenges. Key sources of federal and state higher education data do not identify whether programs are online, resulting in inadequate data about the quality of online education, including which schools or programs are serving students well and which are putting students and taxpayers at risk.

Third, California has limited oversight authority over in-state nonprofit institutions, and virtually no current authority over nonprofit institutions based out-of-state and operating online in California. The state collects no data that would allow the state to evaluate student outcomes at these institutions beyond those reported by the federal government, and unfortunately, we know that key indicators like Cohort Default Rates (CDR) have been occluded by the federal student loan payment pause, and the data will be impacted for years to come. That lack of transparency and accountability, coupled with the dramatic ability of online programs to expand student enrollment, raises the likelihood that more students will receive a substandard education, substantial debt, and no significant increase in job opportunities.

Therefore, rather than creating a separate pool of funds for online institutions—many of which are based out-of-state—we recommend that the state prioritize funding and capacity for adopting the reforms included in AB 1746, which will expand Cal Grant eligibility and increase the award amounts for students at our in-state institutions. According to the California Student Aid Commission, AB 1746 will expand Cal Grant coverage to an estimated 150k newly eligible students—including over 100,000 at California Community Colleges (CCC) and 45,000 student parents—with an average age of over 26 years old. Building on last year’s expansion of a Cal Grant Entitlement to CCC students regardless of age or time out of high school, AB 1746 includes significant new resources to better support returning adult students attending California colleges, including CCCs across the state that offer a mix of in-person, online, and hybrid teaching models that provide high-quality, lower-cost opportunities for students to obtain meaningful credentials. Investments to further strengthen the Cal Grant program would better serve California’s students, rather than expose them to the risk of exclusively online programs based out-of-state.

For these reasons we oppose AB 2572 and strongly recommend that the legislature focus the state’s resources on expanding need-based financial aid for students attending California’s high-quality public institutions.

Thank you for the opportunity to share these comments. We are grateful for your leadership and sustained commitment to higher education equity, affordability, access, and success. If you have questions, please contact Ana Fung at afung@ticas.org.

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Sincerely,

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Center for Responsible Lending

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CC:  
Honorable Assemblymember Blanca Rubio  
Members of the Assembly Higher Education Committee  
Members of the Assembly Appropriations Committee  
Members of the Senate Education Committee  
Members of the Senate Appropriations Committee