How to Expand Financial Aid in California
April 17, 2017

Despite its reputation for high-quality, low-cost college opportunities, California has reason to be concerned about college affordability. For decades, California has emphasized low tuition as the primary route to affordable college, even though the other costs of college – including textbooks, transportation, and living costs – compose the majority of students’ expenses at all three public college segments. This emphasis has contributed to a state aid system which, counterintuitively, makes it more expensive for low-income students to attend a community college than a public university. Further, even at the University of California, where aid is comparatively generous, low-income students are much more likely to graduate with debt than their middle- or high-income classmates. These facts run counter to common assumptions about college affordability and student debt, and they are critical to understand so that additional investments can be targeted appropriately.

Californians for College Affordability, a diverse coalition of organizations that works to strengthen need-based financial aid so that all students can afford to attend and complete college, are united in believing that state student financial aid should:

- Enable students to attend full time and complete a meaningful credential, and;
- Protect those with the least resources from shouldering the biggest burden of college costs and debt.

Several members of the California State Assembly have introduced proposals to substantially increase financial aid investments – by $1.5 billion annually or even more – to increase college affordability and reduce reliance on student loans. With our Coalition’s goals in mind, as well as the scale of these proposals, we offer three independent suggestions for how to use such an investment to substantially increase college affordability for California’s neediest students:

- Provide a debt-free pathway for Californians to attend college full-time at the University of California, California State University, as well as at a California Community College. The
Legislative Analyst’s Office estimates that, for about $1.5 billion, the state could fully cover total college costs for full-time students at all public colleges, including community colleges, after accounting for families’ ability to pay (as estimated by the federal government) and assuming that students will work a reasonable number of hours while enrolled. Such an investment would be historic in its scope, reducing inequities in current financial aid spending.

- **Give every eligible applicant a Cal Grant.** The Cal Grant program currently entitles recent high school graduates who meet income and GPA requirements to awards, whereas older eligible applicants must compete for a very limited number of grants. In 2016-17, more than 336,000 financially needy and academically meritorious applicants did not receive a Cal Grant because they had not graduated from high school within the past year and not enough Competitive awards are available. More than half of eligible applicants who do not receive grants are so low income that they have no resources to put towards college costs, and almost half have family incomes below the federal poverty guideline for their family size. For less than $1 billion in first-year costs, the state could provide each one of these eligible applicants with an award, thereby expanding the Cal Grant entitlement to eligible students of all ages.

- **Increase the size of the grant low-income students receive to cover non-tuition college costs.** Whereas Cal Grants covering public college tuition costs have increased in lockstep with tuition over the decades, the primary award that helps the lowest income students cover non-tuition costs now holds just one-quarter of its original purchasing power. The Legislature could fully restore the original purchasing power of the Cal Grant B access award – increasing the maximum grant from $1,670 to $6,300 – for $1 billion.

Under each of these options, every dollar spent would be targeted towards low- and middle-income students across multiple types of colleges. Californians for College Affordability endorses each of the aforementioned options, and is committed to working with legislators to identify the best uses for any amount of resources available to commit to financial aid.

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Please feel free to contact California@ticas.org with any questions.