

Little Hoover Commission Hearing
Community College Student Financial Aid

Remarks by Marlene L. Garcia
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9:30 a.m.

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State Capitol, Room 437

Introduction

Good morning Chair Nava and members of this Commission. Thank you for inviting me to speak before you today about the important topic of financial aid for community college students. I am Marlene Garcia, Executive Director of the California Student Aid Commission. While I am new to this role, three months in, I am not new to financial aid issues and the growing call for increasing college affordability for California students. I worked for many years as higher education advisor to then-Speaker Willie Brown, and as a consultant for the Senate Education Committee and the Senate Office of Research. I was directly involved in crafting financial aid legislation, including the Vasconcellos-Poohigian-Ortiz Act of 2000 that established the Cal Grant Entitlement program. The Cal Grant Entitlement program was one of the most significant and forward-thinking steps any state has ever taken to advance college affordability.

My commitment to serving community college students, and to making their college experience affordable, is personal. I was one of those community college students and I did receive a Cal Grant award, which helped me succeed in my college education journey.

College affordability is a national crisis. Not a day goes by when we don't hear new statistics, research, or anecdotal stories that reinforce this growing problem. Student loan debt is skyrocketing, totaling

about \$1.6 trillion nationwide, and more than doubling in the past 10 years. More students recognize they need education beyond high school. Georgetown University estimates that by 2020, 65% of all jobs will require some college or post-secondary training. Our students know this, and they are trying, but too many of them do not have the financial means to cover the cost of attendance, forcing them to rely more each year on loan debt, excessive work hours that keep them from focusing on their studies. In the worst case scenarios, they are skipping meals, sleeping in their cars, or otherwise going deep into poverty – all in the name of pursuing a higher education. This is unacceptable.

Overview of CSAC

The California Student Aid Commission is the state agency charged with administering financial aid and making college education affordable in California. The Commission is comprised of 15 appointed members, who oversee a budget of nearly \$3 billion and set policy direction for the Student Aid Commission and staff. Last year, the Commission retained the Century Foundation to provide a report on how to improve the Cal Grant Program and state financial aid. The report, *Expanding Opportunity, Reducing Debt: Reforming California Student Aid*, was completed in April of 2018 and has spurred significant discussion about how to restructure California financial aid to better serve today's students.

The Cal Grant is by far the largest state grant aid program in California, serving over 400,000 students attending nearly 350 institutions statewide. Cal Grant awards are available to students from families earning up to about \$102,000 for a family of four, and primarily cover tuition and fees. Low-income Cal Grant recipients are eligible for a stipend of up to \$1,672 to offset the cost of books, supplies, or other educational costs beyond tuition. Cal Grant is available as an entitlement to any California high school student who meets eligibility criteria, applies by the statutory deadline, and attends a qualifying

institution – which includes all public two- and four-year colleges and universities in California. Students that are not eligible for an Entitlement Cal Grant – who are usually older, returning students, sometimes referred to as “non-traditional” – are considered for the Competitive Cal Grant program, which provides the same award amounts but in a much more limited scope. Until this year, the Commission was only funded to issue 25,750 Competitive Cal Grant awards per year – out of a pool of about 300,000 eligible students. The 2019-20 Budget Act expanded the number of Competitive Cal Grants to 41,000, the largest such increase in the program’s history, for which we cannot thank the Governor and the Legislature enough; but even with this significant new investment, for every one student we award a Competitive Cal Grant, we will have to turn away at least five more.

Community College Student Financial Aid

As I mentioned earlier, the creation of the Cal Grant Entitlement program in 2000 was a game-changer for many students and their families. For the first time in California history, the number of financial aid awards the state could provide to graduating high school seniors was not limited by how much money had already been allocated in the State budget. Any applicant who met eligibility criteria was guaranteed a Cal Grant – with the stipulation that they had to apply and attend college within their first year after graduating high school.

This rationing measure, as it were, has disproportionately served to limit Community College students’ access to Cal Grant aid. We know that a significant share – probably around 40 percent – of Community College students are age 25 or older. Many of them are adults trying to balance a heavy work schedule with taking courses to learn new skills or an associate’s degree to transfer, in order to compete in an ever-changing economy. A large number of them have children they are caring for, which creates additional costs and limits their ability to attend college full-time and graduate or transfer in a timely

manner. In the 2017-18 year, about 277,000 Community College students applied for a Cal Grant and met the financial eligibility criteria – meaning they demonstrated a clear financial need for grant aid – but were denied due to the limit on the number of Competitive Cal Grant awards.

This year, the leadership of Governor Newsom, the Legislature and the many college affordability advocates led to major new financial aid investments in the most recent State Budget. As previously mentioned, the number of Competitive Cal Grant awards was increased by nearly 60 percent, to an all-time high of 41,000. And, Governor Newsom pushed for a new initiative that would provide additional grant aid of up to \$6,000 per year to college students with dependent children in this year’s budget. This new program will help thousands of student-parents afford a higher education.

Furthermore, the Commission has recently been at the forefront of a statewide effort to reform and expand financial aid, in which we are proud to partner with leaders such as Community Colleges Chancellor Eloy Oakley and organizations such as TICAS.

Cal Grant Reform

In 2017, the Legislature directed the Commission to issue a report on what it would take to streamline and simplify State financial aid, while expanding awards to better address the total cost of attendance. It was in response to this request that we contracted with the Century Foundation to issue *Expanding Opportunity, Reducing Debt*. That groundbreaking report spurred the introduction of two separate pieces of legislation – Assembly Bill 1314 and Senate Bill 291 – to reform and expand state aid. The Commission is pleased to support both of these bills, and will continue engaging in substantive discussions this fall with partners, such as the Chancellor’s Office, TICAS, the other higher education segments and student groups. The goal is to recommend a single unified piece of legislation in early 2020 that will address many of the concerns you have heard today.

From my point of view, there are several key principles to consider when developing recommendations for how to reform the Cal Grant Program. We hope to create a policy structure that is:

- a. Student-centered, consolidated, simplified and transparent for students and families to understand;
- b. Based on considering a student's total Cost of Attendance, not just tuition;
- c. Focused on equity for the lowest income students across all segments of higher education;
- d. Financed in a responsible, realistic manner – we recognize that the State budget does not have unlimited resources, and that an economic recession may be on the horizon;
- e. Effective in leveraging all the financial aid resources from the state, federal government and institutions to optimize financial aid dollars that flow to low-income students.

While there are low-income students attending all segments of higher education, it is clear that the students with the greatest need for financial aid are concentrated in the Community College system. A large part of that has to do with the setup of our financial aid system – these are the students with the least ability to access and utilize Cal Grants. They are instead turning to a greater reliance on student loans, excessive work hours, and in some cases even relying on credit card debt to finance their education. As we look to the future, we estimate an even greater number of adult learners who recognize the need for upskilling in this rapidly changing and automated workforce. They will likely be returning to a Community College for quick bursts of relevant education that prepares them for the actual jobs available in the workplace. As state leaders, we must be thinking about how to support both the students of today and in the future, and help them succeed by properly investing in our state financial aid system.

Thank you for the opportunity to be here. I am happy to answer any questions you have.