



The Education Trust–West

Fierce
advocates for
educational
justice, pre-k
through
college.

May 23, 2024

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
State Capitol Building
1021 O Street, Room 8230
Sacramento, CA 95814

The Honorable John Laird
Chair, Senate Budget & Fiscal Review
Subcommittee No. 1 on Education
1020 N Street, Room 502
Sacramento, CA 95814

Senator Scott Wiener
Chair, Senate Budget Committee
Legislative Office Building
1020 N Street, Room 502
Sacramento, Ca 95814

The Honorable David A. Alvarez
Chair, Assembly Budget Subcommittee No. 3 on
Education Finance
1021 O Street, Suite 8230
Sacramento, CA 95814

RE: May Revision 2024 Budget Act – Higher Education

Dear Budget Chairs,

As an organization committed to advancing policies and practices that dismantle the racial and economic barriers embedded in California’s education system, Ed Trust–West (ETW) respectfully urges you to consider the following recommendations for the 2024-25 higher education budget proposals.

Financial Aid Cal Grant Reform

The Governor’s May budget Revision intentionally does not propose any new investments for Cal Grant Reform. The intended reform was enacted in the 2022 Budget Act, which would be contingent upon available revenues in 2024. However, given the unexpected challenges with the “Better FASFA” rollout, students across the state have been impacted by the delays and glitches with this year’s financial aid applications.

In a time when delays at the federal level have complicated statewide college access and institutions have struggled with enrollment, we believe institutions must cooperate and compromise to remove barriers and adequately support students and families throughout this challenging process, including students from mixed-status families. As of May 10, 2024, there was a 15.2% decline in high school students completing a FAFSA (roughly 46,198 less students) compared to the last academic year which is extremely concerning given that California’s state financial aid program deadline was May 2, 2024. Additionally, financial aid for college students has not kept pace with the cost of attendance and with inflation at sky-high levels, the consequences once again continue to hit students of color living in poverty the hardest.

EdTrust-West supported reforms to the Cal Grant program and was excited to see this historic reform enacted through the 2022 Budget Act. Yet, without a funding plan, this amounts to a promise that has not yet been fulfilled. Cal Grant reform will make college more affordable and accessible for over 130,000 low-income students, many of whom are student-parents and students of color.

Recommendation: While we recognize the challenging budget landscape the state is facing this year, we respectfully ask the Legislature to prioritize Cal Grant reform and consider a phased-in approach to implement critical structural and eligibility changes over time to work towards implementation. This would ensure college remains affordable and accessible for students experiencing poverty, students of color, and the more than 300,000 undergraduate student parents in California. Funding for student-parents and students of color experiencing poverty is a priority for EdTrust—West.

UC & CSU Compact Funding Deferrals

The Governor's May Revision Budget proposes a complex and confusing funding mechanism for the University of California (UC) and California State University (CSU) for a multi-year approach to a promised multi-year compact. While the Governor proposed a multilayered approach to support deferrals and cuts to the CSU and UC, it's unclear what their base funding will look like over time.

While we appreciate the Governor's proposal to provide ongoing state funding in 2025-26, both segments would face impactful cuts for 2024-25 and continue to see a decrease in base funding for 2025-26. Estimating the impact of the likely operating deficits that the UC and CSU will face in 2024-2025 is challenging. Still, it will almost certainly have negative consequences for low-income students and students of color. Both segments have highlighted spending most of their funding on other annual costs, such as paying debt service on its systemwide bonds, supporting student financial aid programs, and covering other operating expenses and equipment (OE&E).

The level of impact will ultimately depend on how the system offices plan to address the shortfall after the final 2024 Budget Act is adopted. It is important to note that campuses will only be able to make progress on student success and equity with the appropriate resources, given that the UC and CSU are already struggling to close equity gaps and meet enrollment targets within the existing compact framework and funding. It remains to be seen if any protections will be in place for investments and programs designed to advance student access and success and close equity gaps. Such programs include but are not limited to the CSU Black Student Success Initiative, UC's Student Academic Preparation and Educational Partnerships (SAPEP), and various student basic needs programs.

Recommend: Given the uncertainty regarding state revenues and how UC and CSU would address significant budget gaps, we respectfully recommend the Governor and Legislature provide more specificity on how much the segments will ultimately receive and clarify the confusing jargon and limited details on the proposal.

CCC Roadmap, COLA, and enrollment growth – SUPPORT

The Governor's May Revision proposes about \$100 million for a 1.07% cost-of-living-adjustment (COLA) for Student-Centered Funding Formula apportionments and select categorical programs, which is \$31 million more than the Governor's proposed budget in January and includes \$28 million for systemwide enrollment growth of 0.5%.

We appreciate the Legislature and Administration's commitment to making no significant cuts to core programmatic funding for community colleges and the state's commitment to providing predictable operating budget increases for them. The proposed COLA and enrollment funding will continue to help colleges navigate post-pandemic challenges and incentivize campuses to make strides toward student equity under the new [Vision 2030](#) goals.

Given that no cuts are proposed to the California Community Colleges (CCC) budget thanks to proposed withdrawals from the K-14 Rainy Day Fund, it is critical that the Legislature maintains the proposed withdrawals from reserves to avoid cuts to the CCC system funding, as this segment serves the largest share of low-income students of color.

Recommend: We respectfully request the Legislature adopt this proposal and continue emphasizing the importance of accountability, oversight, and race-conscious goals/metrics to ensure that campuses are progressing.

Thank you for considering our views.

Sincerely,



Brian M. Rivas
Senior Director, Policy and Government Relations
EdTrust-West

cc: Members of Senate Budget & Fiscal Review Subcommittee No.1 on Education
The Honorable Robert Rivas, Speaker of the Assembly
Jason Sisney, Budget Director Office of the Assembly Speaker
Senator Mike McGuire, Senate President Pro Tempore
Chris Woods, Budget Director Office of the Senate Pro Tem
Members of Assembly Budget Subcommittee No. 3 on Education Finance
Elisa Wynne, Staff Director, Senate Budget and Fiscal Review Committee
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Christian Griffith, Chief Consultant, Assembly Budget Committee
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