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June 1, 2017

The Honorable Anthony Rendon
Speaker of the Assembly
State Capitol Building, Room 219
Sacramento, CA 95814

Subject: AICCU information regarding May Revision proposal to repeal the 11.3% cut to Cal Grant award for students at nonprofit colleges and universities

Dear Assembly Speaker Rendon:

Thank you for meeting with the leadership of the Association of Independent California Colleges and Universities (AICCU). The presidents of some of the member institutions came to Sacramento to voice how critically important the Cal Grant program is to low-income students' access to higher education. We are providing this letter to Assembly Members Kevin McCarty, Phil Ting, and Shirley Weber—as you suggested—to stress the need to repeal the 11.3% cut to the award for students attending a private, nonprofit college or university, and to do so without placing policy conditions on only one segment of higher education.

AICCU is the organizational voice for 79 diverse, regionally-accredited, private, nonprofit colleges and universities, 68 of which participate in the Cal Grant program. The governor proposed to repeal the pending 11.3% reduction to the Cal Grant maximum award for new students in both WASC-accredited private, nonprofit and for-profit, colleges and universities *upon condition* that the institutions meet three objectives related to low-income enrollment, online program offerings, and the recognition of all applicable California Community College Associate Degrees for Transfer (ADT).

AICCU appreciates the May Revision proposal to repeal the cut to Cal Grant maximum award to protect student access, and the recognition of the sector as an important contributor to higher education offerings in the state. The conditions placed on the restoration of the award were unexpected and, as reflected in the Administration's draft trailer bill language shared with the budget subcommittees, of serious concern for a variety of reasons. AICCU has always been a willing partner to assist the state meet its statewide higher education goals. However, placing resource intensive conditions on one sector in the Cal Grant program and tying them to the grant level students at that institution would be eligible for diminishes the program's core value of providing access and portability. Further, adding conditions and creating different levels of awards in the same sector would create confusion in the state's outreach and communication efforts to students and families.

We strongly concur with the analysis by the Legislative Analyst's Office, which states:

“Though we think setting the award amount no lower than its existing rate is reasonable, we have concerns with placing conditions on the awards. To date, the state has not placed unique conditions on private, nonprofit Cal Grant awards (apart from institutional eligibility criteria relating to graduation rates and student loan default rates, which also apply to UC and CSU campuses). Adding such conditions therefore would reflect a substantial policy change. If the Legislature wishes to place special stipulations on private, nonprofit Cal Grant awards, we

believe this is better done as part of a broader policy making process, whereby clear objectives, performance measures, and enforcement mechanisms could be established.”

AICCU is not opposed to the broader goals outlined in the governor’s proposal—serving more low-income students, increasing the number of transfer students, and increasing the capacity of our online programs. We support creating initiatives with the state on these issues as sector-wide efforts, based on sector-wide goals. Such goals must be realistic, recognize the differences among our institutions and who they serve, and reflect an understanding that this is a resource intensive effort (with no state resources attached). Requiring institutions to make a commitment to these initiatives without sufficient time to review, plan, and implement only benefits those who already have such initiatives underway or already progressing in the direction preferred by the state.

Below we have included data and additional information related to the three areas of interest to the Administration.

Enrolling more low-income students

- A stable and predictable Cal Grant award is one of the most effective ways to serve low-income California students, as is a predictable Pell Grant award. The award was created to be an incentive for students to apply and attend the private, nonprofit sector, yet this has diminished as the award has lost value and is under the constant threat of cuts.
- Over the last five years, our segment’s Cal Grant population has decreased by 5%, while our Pell population (a better reflection of an institution’s low-income population) has grown 4%. In the last five reportable years, the number of Cal Grant students in the sector has decreased from 28,783 to 26,948.
- Total undergraduate student enrollment in Cal Grant eligible institutions dropped from 186,600 in 2014-15 to 184,800 in 2015-16. Changes in enrollment are heavily tied to market dynamics that are beyond the control of institutions. For example, many of our institutions that are “UC comparable” experienced a loss in California residents as UC held tuition constant over several years and additional capacity was funded for California students and transfers.
- A long-term formula on the maximum award is essential to ensuring the award is a strong incentive for California’s low-income students to utilize the sector’s capacity at a cost savings to the state.

Increasing online education programs

- Online education in the nonprofit sector is primarily provided to expand access to students seeking a nontraditional academic calendar and to expand the mission reach of an institution.
- Currently 41 of our 79 member institutions provide online education opportunities. Conversely, those that do not provide these programs have a small student population or they have determined that the nature of their programs do not lend themselves to the online teaching method (e.g. institutions that specialize in the arts, sciences, or health).
- Institutions report to IPEDS on the number of students in at least one online class and the number of students in exclusively online courses. The data is only for first time students enrolled during the fall. Therefore, the data is incomplete and does not recognize online students who enroll in the spring or summer, and institutions that serve a large number of returning adults (not first time students). This makes it very difficult to benchmark growth.
- According to the most recent IPEDS data (Fall 2015), approximately 12% of undergraduates at Cal Grant eligible institutions take at least one online course in the sector.
- A state mandate to significantly increase the number of students in online courses or programs may not be appropriate for all types of institutions. This indicator fails to recognize the primary reason many students are attracted to the independent sector and a core factor for successful, timely graduation—small classes, frequent faculty-to-student interaction, and more personalized learning.

Streamlining community college transfer through the ADT

- AICCU agrees that the sector needs to find ways to streamline transfer for community college students. The ADT program, established between the California Community Colleges (CCC) and the California State University (CSU), is only one way to do this.
- Sixty-two AICCU campuses enroll over 7,600 CCC transfer students (based on 2014-15 information, the most recently reported data).

- Fifty-five AICCU institutions have articulation agreements with California Community Colleges across the state. Institutions tend to formally partner with regional CCCs and those who send high numbers of transfer students to their institution.
- The Administration is interested in requiring AICCU Cal Grant eligible institutions to recognize all applicable ADTs and cap the number of units a student must take to finish their baccalaureate degree within two years after transfer. As stated above, a one-size-fits-all approach in the sector is extremely difficult when there is great diversity among institutions. The University of California also created their own transfer pathway because of their unique requirements. If institutions decide to adopt the ADT in certain majors, they should be afforded the time needed for adequate review by their faculty to ensure the transfer degree is aligned with the upper division courses at the receiving institution. This is necessary to ensure students are adequately prepared to take the upper division courses at a receiving institution and can be successful.

Furthermore, we have shared the below language to staff, which we believe begins to address the complex higher education issues raised in the Governor's May Revision and the Assembly's proposed budget, while protecting low-income students from decreases in their award at no fault of their own.

Proposed Budget Trailer Bill Language:

[315] Maximum Cal Grant Tuition Awards for Students Attending Private Institutions.

SECTION 1. Section 69432 of the Education Code is amended to read:

69432.

(B) For the 2017-18 award year and each award year thereafter, unless specified in future budgets, nine thousand eighty-four dollars (\$9,084) for new recipients attending private nonprofit postsecondary educational institutions.

Adding New Section Education Code 66010.94—State Goals for California's Postsecondary Education System

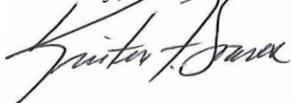
To better account for the important contributions of the private, nonprofit sector in meeting specified state goals, as outlined in this section, and to enhance the state's higher education planning efforts, the largest association representing the private, nonprofit, regionally accredited institutions of higher education will report to the appropriate legislative committees and Department of Finance by January 1, 2018 on ways to meet the state's desired goals to increase the number of California low-income and community college transfer students attending their institutions.

(a) For purposes of this subdivision, "eligible private sector" means private, nonprofit postsecondary educational institutions that participate in the Cal Grant program.

This section is contingent upon the maximum Cal Grant award remaining at least at \$9,084.

Speaker Rendon, thank you again for meeting with AICCU. We know that access to higher education opportunities for all Californians is a personal and important issue for you, and AICCU stands ready to work with you. Please feel free to contact me with any additional questions or need for additional information.

Sincerely,



Kristen F. Soares
President

CC: Assembly Member Kevin McCarty
Assembly Member Phil Ting
Assembly Member Shirley Weber