



California's Workforce Needs Cal Grant Reform

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When talking about college opening a path to high-wage jobs, most people are thinking about a bachelor's degree. But an estimated two in five job openings in California are actually “middle-skills” jobs, in fields such as health care, manufacturing, and transportation, that require only an associate's degree or training for a certificate, and not for a four-year degree.

California needs to ramp up its middle-skills education and training if it wants to keep its economic engine running. The Public Policy Institute of California projects the gap between workers with some college experience and the number of jobs requiring some college experience (but no bachelor's degree) to be 1.5 million by 2025.

To address this challenge, the California Workforce Development Board, a coalition of business, education, and government leaders, has set a goal of one million more industry-valued sub-baccalaureate credentials between 2017 and 2027. But getting there will require improved education and training opportunities—and, importantly, significant reforms to the state's financial aid system—if the state wants to deliver a brighter future for the 10.8 million California adults with great potential but no credential.

Current Workforce Investments at Community Colleges

The California community college (CCC) system plays a critical role in providing a pathway to middle-skills jobs, and is arguably the largest contributor to the state's workforce development. The centrality of the community colleges to career-oriented skill development was outlined in the state's Master Plan for Higher Education, which designated one role of the community colleges to be education in “vocational-technical fields leading to employment.” In 2016–17, community colleges produced 78 percent of California's associate's degrees, half of which were in programs designed for immediate entry into the workforce rather than transfer. The CCCs also produce the state's largest share of workforce certificates, and research has shown that they strongly outperform for-profit certificate programs for graduates' earning outcomes and return on investment.

Community colleges are also responsible for a large share of the work being done to close educational attainment gaps by race and ethnicity in California. The CCCs serve the majority of the state's Latinx (62 percent), Native American (61 percent), and African American (54 percent)

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college students. For these groups, barriers to educational attainment are higher in California than in other states: the degree attainment gaps separating these groups from white and Asian residents are larger in California than they are in the nation as a whole. A thriving CCC system promotes a diverse workforce and equitable economic opportunity.

The state's investments in the community colleges, then, are critical drivers of California's workforce development efforts. Within the community college system, operating dollars coming from the higher education budget to support degrees or certificates in middle-skills jobs eclipse all other workforce development spending: thus far in fiscal year 2019, state and federal funding allocated through workforce development funding streams in California totals an estimated \$466 million, less than 5 percent of the \$10 billion budget of the community colleges.¹

Yet, when it comes to financial aid, the state's efforts to support middle-skills attainment fall far short. While 40 percent of University of California (UC) students and 36 percent of California State University (CSU) students receive a Cal Grant, the state's primary awarder of financial aid for students, only 5 percent of CCC students receive it. In fact, only \$140 million of the \$2.1 billion in Cal Grant program resources goes to community college students, a miniscule share relative to their share of low-income students—and community colleges have almost no institutional aid to allocate to their students. As a result, students pursuing an associate's degree or certificate face high hurdles in accessing state financial support.

Low-income students often receive the California College Promise Grant (formerly known as the Board of Governors waiver), which waives tuition costs, but the full cost of attendance remains high: a recent analysis by The Institute for College Access and Success found that, when all costs and aid are factored in, the net cost of CCC attendance for a low-income student is more than \$12,000 per year and exceeds the net cost of attendance at UC and CSU. Books, transportation, and living costs pose just as heavy a burden for students in certificate programs as they do for students in bachelor's programs—however, the financial aid

system currently devotes very little of its non-tuition aid to certificate-seeking students. A Californian interested in career education, but not a four-year program, can only find substantial non-tuition aid at a UC or CSU campus, which do not offer certificate programs. (The UC and CSU extensions do offer certificate programs, but they do not offer their students institutional aid.) Some community colleges have designated their new California College Promise program funding for non-tuition purposes for their highest-need students, but those dollars are very limited.

Additionally, adult learners have limited access to Cal Grants A and B, which are primarily geared toward recent high school graduates. Although this eligibility requirement promotes the high school-to-college transition, it has left behind adults who had not decided, and/or been able, to apply to college until later on in life. This hurts opportunities for workers wanting to take the next step in their careers by upgrading their skill sets through college coursework.

Proposed Cal Grant Reform Would Result in Major Workforce Development Investments

In an April 2018 report, TCF proposed several major reforms to the the Cal Grant to (1) cover “tuition plus” by taking into account the full cost of attendance, rather than just tuition when determining award levels; (2) eliminate requirements for age, GPA, and time out of school; and (3) align the Cal Grant with the federal Pell Grant to allow more students to receive aid for certificate programs. Pursuing this reform could result in the largest programmatic investment in workforce development made by the state in recent history. The report estimates that such a reform would constitute an investment of more than \$1 billion.

Community colleges are well-situated to reach many of the Californians in the most dire need of upward mobility: 1.9 million of the adult Californians who live in poverty also live within five miles of their nearest community college.² Although local community colleges can help California residents attain the skills they need to move ahead, non-tuition costs pose a barrier. For example, a low-income

student attending Woodland Community College full-time would have to work thirty-four hours per week at state minimum wage to pay the full cost of attendance after aid, a work burden that has been shown to have detrimental effects on student success, particularly for low-income students. Meanwhile, the institutions themselves can hardly help close the gap: while other segments can provide institutional aid to help cover non-tuition costs, community colleges do not have that option. Two recent Century Foundation issue briefs explain this full cost of attendance and how to design aid for non-tuition purposes.

Eliminating the Cal Grant's requirements for age, high school GPA, and recency of high school graduation would also benefit adult workers who want to improve their skill set for the ever-changing economy. TCF analysis finds that the bulk of needy California residents enrolling in college but not receiving Cal Grants find themselves ineligible due to these restrictions. In the twenty-first century, skills become outdated more quickly than ever, and to remain competitive some workers must gain skills that didn't exist when they graduated high school.

Finally, by matching the new Cal Grant with Pell requirements and allowing students to more easily access the grant for certificate programs of a minimum length, students can enroll in a range of job training programs currently cut out of most Cal Grant programs. For example, at Allan Hancock College (a randomly selected CCC), all certificate programs are currently ineligible to receive Cal Grant A dollars, and 25 percent of certificate programs are currently ineligible to receive Cal Grant B dollars due to their having program lengths shorter than fifteen units. (Some, though not all, may be eligible for Cal Grant C, but the program limits eligibility to certain areas of study.)

The community colleges themselves have asked the legislature this year for a large investment in non-tuition aid, and policymakers have already introduced legislation to that effect. A broader Cal Grant overhaul would incorporate those changes and represent one of the state's largest investments in workforce development in decades.

Author

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Notes

¹ Author's analysis, using budget allocations for the Strong Workforce Program, TAA funding for retraining in California, the California Adult Education Program, Perkins CTE funding in California, the California Employment Development Department's Employment Training Panel, WIOA Services to Bridge Education and Workforce Gaps for Targeted Populations in California, and the state's Breaking Barriers to Employment Program. For TAA and the Adult Education Program, 2018–19 allocations could not be found, so data from 2017–18 are used.

² Author's analysis using income data from the ACS Five-Year Estimates by zip code and the list of colleges in the California Community College system on the CCC Chancellor's Office website. U.S. Census Bureau, "Selected Income Characteristics," American Fact Finder, data retrieved January 28, 2019, and California Community Colleges Chancellor's Office, "Alphabetic listing of community colleges," accessed January 28, 2019.