

# Newsom vetoes bill that would have made major changes to Cal Grant program



**MICHAEL BURKE**

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Gov. Gavin Newsom on Friday vetoed legislation that would have overhauled California's main financial aid program by dramatically increasing the number of community college students who would be eligible for the aid.

While he agrees that the Cal Grant should be made simpler to navigate, Newsom wrote in his veto message that the bill "results in significant cost pressures to the state, likely in the hundreds of millions of dollars annually. Future changes to the financial aid system of this magnitude should be considered as a part of the annual budget process."

In the weeks leading up to Friday's veto, Newsom's administration [had opposed the bill](#), calling it too expensive and warning that it could lead to tuition hikes at the University of California and California State University.

"We are disappointed by the Governor's veto of AB 1456, the Cal Grant Reform Act," according to a statement by the legislation's authors, Assemblymen Jose Medina, D-Riverside, Kevin McCarty, D-Sacramento, and Sen. Connie Leyva, D-Chino. "This bill, if signed into law, would have been the largest expansion of our state's financial aid system in a generation, opening up access to another 160,000 students."

The lawmakers said they were looking ahead to next year to revisit changes in the program: "2021 should have been the year that we enacted debt free college, and California has missed that unique opportunity. Nevertheless, we are committed to continue working with the Administration to ultimately achieve Cal Grant Reform next year."

Marlene Garcia, executive director of the California Student Aid Commission, which strongly backed the bill, pledged to work with the administration and the Legislature to address the weaknesses in the Cal Grant program, the state's primary financial aid program.

“The Cal Grant Equity Framework reflected in AB 1456 represents an important next step in California’s work to ensure that higher education is affordable for all students through financial aid that is both more accessible and understandable,” Garcia said in a statement.

Assembly Bill 1456 would have simplified the Cal Grant program, which has been criticized as being overly complicated, and would have expanded aid to 160,000 additional students. Community college students would have benefited the most because they would no longer have needed a minimum grade point average to be eligible for financial aid.

Newsom’s Department of Finance, however, argued that the bill would be too pricey, [writing in an analysis](#) of the legislation that it would create “significant one-time and ongoing general fund costs” that weren’t included in the 2021-22 budget deal. The department added that those costs would likely be “in the hundreds of millions of dollars annually,” without mentioning a specific figure.

Under the bill, CSU and UC students would only be able to receive Cal Grants for tuition and fees and not for nontuition expenses. They would instead be expected to use their own institutional aid to help students cover those nontuition costs. Because of that, the Department of Finance said it was concerned that the legislation could motivate CSU and UC to increase tuition to subsidize those costs.

The legislation was approved unanimously by both chambers of the Legislature and was backed by community college student leaders, the California Student Aid Commission and the state chancellor’s office overseeing California’s 116 community colleges. They urged Newsom to sign the bill, saying it would help low-income community college students pay for expenses like housing and food.

On Wednesday, [Newsom signed a package of higher education bills, totaling \\$47 billion in investment](#), including a bill to streamline the college transfer process, but he did not address AB 1456 at the time.

“We commend the Governor’s unwavering support for college access and affordability, demonstrated by a historic budget investment of more than \$47 billion,” Daisy Gonzales, the acting chancellor of the community college system, said in a statement Thursday. “However, without equitable access to financial aid programs, hundreds of thousands of low-income California community college students will be denied the aid they need to not only afford college but to excel.”

The 2021-22 state budget deal [already partly overhauled the Cal Grant program](#) by eliminating the maximum age requirements for students seeking awards, a change that will expand eligibility to an estimated 133,000 students.

AB 1456, which was set to take effect in 2024-25, would have further expanded eligibility by getting rid of GPA requirements for community college students and lowering GPA requirements for students attending a CSU or UC campus.

Proponents of the bill said that would have been especially helpful to older community college students who often struggle to track down their high school transcripts that they need to prove they meet the grade requirements.

The bill also sought to simplify how the state awards financial aid by narrowing the Cal Grant program to just two awards: the Cal Grant 2 and the Cal Grant 4. The Cal Grant 2 award would be for community college students and in the first year would be worth \$1,656, which those students could use for living expenses. In subsequent years, the amount of the award would increase based on inflation. The Cal Grant 4 would be for students attending four-year universities and, for students at UC and CSU, would cover the cost of tuition and fees