

Talking Points for November 7, 2019

- **The Supplemental Allocation's fundamental flaw** is egregious and harmful, in that it inappropriately takes tens of millions of dollars away from districts in high cost regions, on the basis of a misplaced assumption that a small proportion of students receiving financial aid is an indicator that a college has few students in financial need, or that the college is underperforming. In fact, detailed analyses (available to the Committee) have shown that financial aid is actually harder to obtain in high cost regions.
- **Scenarios presented to correct the fundamental flaw** in the Supplemental Allocation include: (a) incorporating other metrics to recognize low-income students in high-cost regions, *e.g.*, the Perkins Economically Disadvantaged designation; **and** (b) indexing the dollars per point, to account for regional differences in Cost of Living—*e.g.*, FACCC's proposal using the MIT Living Wage calculator (<https://livingwage.mit.edu/states/06>). To achieve Equity, it will likely be necessary to implement both of these things.
- **[Stakeholders from multiple districts]** should describe how the Supplemental Allocation will do tangible harm (*e.g.*, in terms of programs that may be cut, or support for underrepresented students that will be reduced) if the flaws are not fixed.
- **Loss of Equity:** Insofar as the Committee neglects to address the Cost of Living issue adequately, the SCFF will allocate taxpayer dollars in a way that is fundamentally *inequitable*. More specifically, the Committee's own definition of equity is pointless unless we resolve not to take resources away from some populations of low-income students who are essentially invisible, in order to provide new resources to others. If equity is the goal of the SCFF, then it needs to reflect that *all* low-income students matter, and that reductions in resources are harmful. Full stop.
- **The Mechanism of Discrimination:** It's no coincidence that the districts with lower financial aid utilization are clustered in high-cost regions. The white paper from Chabot-Las Positas provides an analysis of how a higher cost of attendance in Regions 3 and 4 drives significantly diminished student access to financial aid. (*Note.* There are districts with high cost of attendance outside regions 3 and 4, that are also negatively impacted.) As a result, the Supplemental Allocation draws crucial resources away from high-cost regions, as though the students who lose crucial programs and services don't matter. To refuse to take steps to level this tilted playing field will manifest a *bona fide case of discrimination*.

- **The Impact on High-Cost Regions:** As it stands, the Supplemental Allocation puts Region 3 and 4 (as well as some districts in other regions) in dire financial straits, as there is NOTHING they can do to alter the base income threshold of the Pell, and NOTHING they can do to alter the wage structure or housing costs of their communities. A major problem is that Promise Grant utilizations are largely based on statewide Cost of Attendance assumptions, while true costs vary widely. And while colleges in high cost regions can adjust their Cost of Attendance to enhance Promise Grant eligibility, they will NEVER replicate the superfluity of financial aid utilizations enjoyed by districts with lower than average cost of attendance— which artificially *inflates* the proportion of students with income levels that qualify. This imbalance calls into question the accuracy of this measurement altogether; the Perkins designation is a more efficacious and verifiable metric for assessing economic disadvantage.
- **The Price of Equity:** The desire to drive new dollars to targeted low-income regions is appreciated and understood. However, if the Committee desires to adhere to its own definition of Equity, it is necessary to re-formulate the Supplemental Allocation to function as a rising tide that truly lifts all boats— from the “low-water” basis of SB 361 funding. **A point that needs to be emphasized:** If the true goal is the legislative intent of providing additional funding to support low-income students equitably statewide, it can be achieved with additional funding on the order of \$70M to \$130M statewide— roughly equivalent to a base increase of 1% to 1.8%— which could be increased as the situation warrants, over time. (The devil, of course, will be in the details...)
- **Impact from Advocacy Groups:** It is especially disappointing that statewide advocacy groups such as Campaign for College Opportunity, and Public Advocates (both of which are represented on the Committee), have gone about their work in a way that suggests, whether intended or not, a callous disregard for *hundreds of thousands* of disadvantaged students who live in the highest cost regions of the state. How did we get to the point where, in the eyes of entities that claim to promote Equity for all students statewide, students in high-cost regions appear not to matter?
- **What is the Oversight Committee’s solution to address these unintended consequences?** The Oversight Committee was tasked with critically examining the SCFF to ensure that the funding formula is equitable. Given that the data shows that the formula is not equitable, how does the Committee propose to address the impending systemic harm to our students? Does the Committee feel comfortable with this much “blood on their hands”?