

CSAC



CALIFORNIA
STUDENT AID
COMMISSION



Governor's Proposed State Budget for 2021-22

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California Student Aid Commission

Overview

- Governor Newsom released proposed 2021-22 Budget on January 9, 2021
- Budget does not include funding reductions or redirection of allocated funds seen in 2020-21 Budget
- Includes a number of provisions for “early action”



Budget Change Proposals Submitted

- Funding for final phase, maintenance, and operations for Grant Delivery System Modernization (GDSDM)
- Authority for CSAC to receive philanthropic funds through an auxiliary entity
- Funding for a customer relationship management system (*withdrawn*)

New Proposals

- **Restoration of eligibility for Cal Grant A:** Funding and statutory language to restore or maintain Cal Grant A eligibility for students impacted by a change in living status due to COVID-19 (\$58.2 million ongoing)
 - Proposed for “early action”
- **Competitive Cal Grants:** Increase the number of Competitive awards by 9,000 awards for a total of 50,000 (\$35 million ongoing)
- **Foster Youth Access Award:** Provide a \$6,000 award to current or former foster youth (\$20 million ongoing)

New Proposals

- **Golden State Teacher Grants:** expansion to serve students in teacher preparation programs in high needs fields and commit to working at school sites with highest rates of non-credentialed or waiver teachers (\$100 million one-time)
- **GDSM:** one-time funding (\$1.8 million) for the final phase of the project, as well as ongoing support for maintenance and operations (\$719,000 ongoing)
- **Cal Grant award for students attending private, non-profit institutions:** Maintains the current maximum (\$9,084) by delaying the admissions requirement for transfer students

New Proposals

- **Cradle to Career Data System:** Support for CSAC to participate in the development and operation of the Cradle to Career Data System (\$150,000 ongoing and 1 PY)
- **Authority to Receive Philanthropic Funds:** Trailer bill language (forthcoming) that would allow CSAC to receive philanthropic funds
- **Financial Aid Application Completion:** Requirement that local K-12 agencies confirm that high school seniors completed an application for financial aid

New Proposals

- **Emergency aid:** one-time funding for emergency aid to students at CCC (\$250 million), CSU (\$30 million), & UC (\$15 million)
 - \$100 million one-time to CCC proposed as an “early action”
- **Student basic needs**, including digital equity and student mental health resources: ongoing funding proposed for:
 - CCC: \$30 million ongoing
 - CSU: \$15 million ongoing
 - UC: \$15 million ongoing

Existing Funding Allocations

- **Dreamer Service Incentive Grant program:** maintains \$7.5 million in ongoing funding
 - 2019-20 & 2020-21 allocations had been redirected to support disaster relief emergency aid grants for AB 540 students



Caseload Projections for 2021-22

Program	Number of Students Served	Associated Funding
Cal Grant Entitlement Awards	317,242 students	\$2.12 billion
Competitive Cal Grant Awards	86,208 students	\$291 million
Cal Grant C Awards	9,441 students	\$10.4 million
Middle Class Scholarship	59,609 students	\$117 million



Caseload Projections for 2021-22

Program	Number of Students Served	Associated Funding
Chafee Foster Youth Program Awards	4,203 students	\$17.5 million
California Military Department GI Bill Awards	9,441 students	\$2.45 million
Law Enforcement Personnel Dependents Scholarships	11 students	\$73,000
TOTAL	477,074 students	\$2.8 billion



Other Higher Education Budget Highlights

- Funding increases to CCC, CSU, and UC to offset some of the reductions/deferrals incurred in 2020-21 Budget
- Assumption that tuition and fees at the UC and CSU will stay at current levels
- Creation of a new “dual admissions” transfer pathway for students that complete an Associate Degree for Transfer



Other Higher Education Budget Highlights

- Targeted, ongoing funding to public higher education segments to address student basic needs, including support for digital equity and student mental health resources
- One-time funding for the development of “Zero Textbook Cost Degrees”
- Funding included (one-time and ongoing) for the continued development of a Cradle-to-Career Data system under a new office within the Government Operations agency

Next Steps

- Assembly and Senate Budget hearings on higher education items to be held in February
- Continued engagement with Department of Finance and Budget Committees around proposals and trailer bill language
- Likely that some “early action” provisions are adopted in Spring, ahead of the typical May Revision



Update on Federal Legislation

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Federal Update

- Consolidated Appropriations Act of 2021 (H.R. 133)
 - Federal funding bills for FY 2021
 - Emergency spending bill to address the impact of COVID-19
 - Several other provisions, including FAFSA simplification legislation
- Approved by Congress on December 21, 2020 and signed into law on December 27.

Federal Relief for Students and Institutions

- **\$22.7 billion** - emergency assistance for higher education institutions and students
 - \$20 billion allocated to HEERF
 - Allocation formula - number of Pell and non-Pell students, full-time enrollment (FTE), and headcount
 - Institutions must use the same amount of funding for **student emergency aid** that they used under the CARES Act formula.
 - Institutional funds can be used for a broad range of purposes, including replacing lost revenue or paying for new expenses.
- **\$4 billion** - divided among governors of each state to use for education at all levels.

Supplemental Nutrition Assistance Program (SNAP)

- H.R. 133 allows more students to qualify for SNAP benefits including:
 - Students that are eligible to participate in **Federal Work Study (FWS)** during the regular school year; and
 - Students with an **expected family contribution (EFC) of \$0** in the current academic year.
- These provisions will be in effect until 30 days after the COVID-19 public health emergency is lifted.
- Commission staff working with CDSS to identify and notify eligible students

Chafee Educational and Training Vouchers Program

- Supporting Foster Youth and Families through the Pandemic Act
 - Allows States to request a waiver to suspend the requirement that “a youth must be enrolled in a postsecondary education or training program or making satisfactory progress toward completion of that program if a youth is unable to do so due to the COVID-19 public health emergency.”
- Commission staff will continue to monitor any action on this provision and coordinate with the Department of Finance and CDSS as needed.

FAFSA Simplification

- Provisions will take effect on July 1, 2023 for the 2023-24 academic year (new FAFSA available starting on October 1, 2023).
- Key Provisions:
 - Reduces the FAFSA from 108 questions to an average of 36 questions.
 - Changes to the needs analysis for Pell Grant eligibility - replacing Expected Family Contribution (EFC) calculation with a Student Aid Index (SAI).
 - Expands eligibility for Pell Grants and provides for easier prediction of eligibility for the Pell Grant.
 - Increases the maximum Pell Grant amount to \$6,495



FAFSA Simplification

- Provisions that expand eligibility for students:
 - Restores Pell Grant eligibility for incarcerated students
 - Eliminates the suspension of federal student aid eligibility for applicants with drug-related convictions
 - Removes the requirement that male students must register with the Selective Service to be eligible for federal aid
 - Restores semesters of Pell eligibility to students who have successfully asserted a borrower defense to repayment
 - Establishes a process whereby dependent students can complete the FAFSA as a ‘provisional’ independent student if they qualify for independent student status due to unusual situations
- Additional Provisions:
 - Adds a question to the FAFSA about the race/ethnicity of the applicant
 - Makes several modifications to Cost of Attendance (COA) - the Secretary of Education now has the authority to regulate all COA components except tuition and fees