

Item 6

(Action Item)

Consideration of the Cal Grant Modernization proposal

SUMMARY:

The Executive Director and staff will present the final version of the updated Cal Grant Modernization proposal for the Commission's consideration. This proposal was developed pursuant to a request from legislators to develop options for implementation utilizing existing resources as a starting point of analysis given the fiscal constraints faced by the state due to the response to COVID-19 and related economic recession. The proposal also identifies priorities and options for phasing-in new funding over time.

RECOMMENDATION:

Staff recommends the Commission adopt this Cal Grant Modernization proposal.

BACKGROUND:

On March 6, 2020, the California Student Aid Commission published a report titled, "Cal Grant Modernization – A Vision for the Future," that outlined a proposal developed in consultation with the Cal Grant Reform Work Group. Following months of deliberation by the Work Group and the Commission's efforts to engage key higher education stakeholders, the report outlined how policymakers could streamline the existing Cal Grant program, remove barriers to student eligibility for state aid, and better support students in covering the total cost of attendance. The report proposed establishing a "Cal Grant 2" for community college students and a "Cal Grant 4" for students attending four-year institutions, both of which would eliminate existing provisions that limit student access to Cal Grant based on their age or time out of high school.

Shortly following the release of the report, the COVID-19 pandemic forced the shut-down of the country and caused health and economic devastation. These events affected the operations of most institutions, including the Legislature, precluding further consideration of the proposal. However, the legislators involved in leading efforts to reform and expand financial aid indicated their commitment to resuming discussions on how to overhaul state financial aid in the next legislative session.

In anticipation of the 2021-22 legislative session, Commission staff updated the modeling of the Cal Grant 2/4 proposal based on the current allocation of Cal Grant resources. Despite being limited fixed-fund version of Cal Grant Modernization, Commission staff developed a proposal that still eliminates barriers to student eligibility, shifts to a system based on Expected Family Contribution (EFC)*, and streamlines the various existing Cal Grant programs. These are important first steps in financial aid reform efforts that will position the Cal Grant Program for even greater investment as the economy recovers.

California Student Aid Commission

This revised modeling was presented and discussed at the December 3, 2020 Commission meeting as well as the December 15, 2020 Cal Grant Reform Work Group meeting. Over the past few months, Commission staff have also engaged students, segment partners, and key stakeholders.

* Recent changes to federal financial aid will replace the use of EFC with a Student Aid Index (SAI). Staff are currently in the process of analyzing how the SAI will be incorporated into the Cal Grant Modernization Proposal.

RESPONSIBLE PERSON(S):

Marlene L. Garcia
Executive Director

Jake Brymner, Director
Government and External Affairs

Patrick Perry, Director
Data, Analysis, and Research Team

ATTACHMENT(S):

Cal Grant Modernization PowerPoint presented on January 21, 2021

Cal Grant Equity Framework Summary referenced on January 21, 2021

Establishing the Cal Grant Equity Framework DRAFT referenced on January 21, 2021