

CSAC

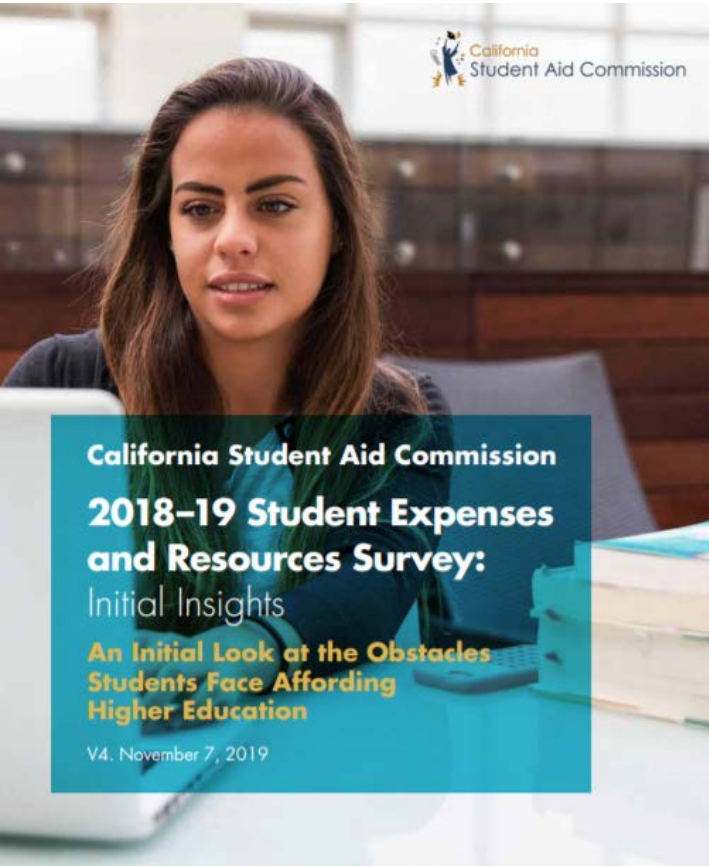


CALIFORNIA
STUDENT AID
COMMISSION

The Need for Cal Grant Modernization

California offers the most generous state financial aid in the country, and yet..

- More than 3 of 10 students report being food insecure
- More than 3 of 10 students report being housing insecure





The Need for Cal Grant Modernization

California offers the most generous state financial aid in the country, and yet..

- Each year, tens of thousands of eligible student applicants with financial need do not receive any state financial aid due to impaction of the Competitive Cal Grant program

The COVID-19 Impact on California students

COVID-19 has only exacerbated the basic needs challenges college students in California are facing..

71%

of students lost some or all
of their income

46%

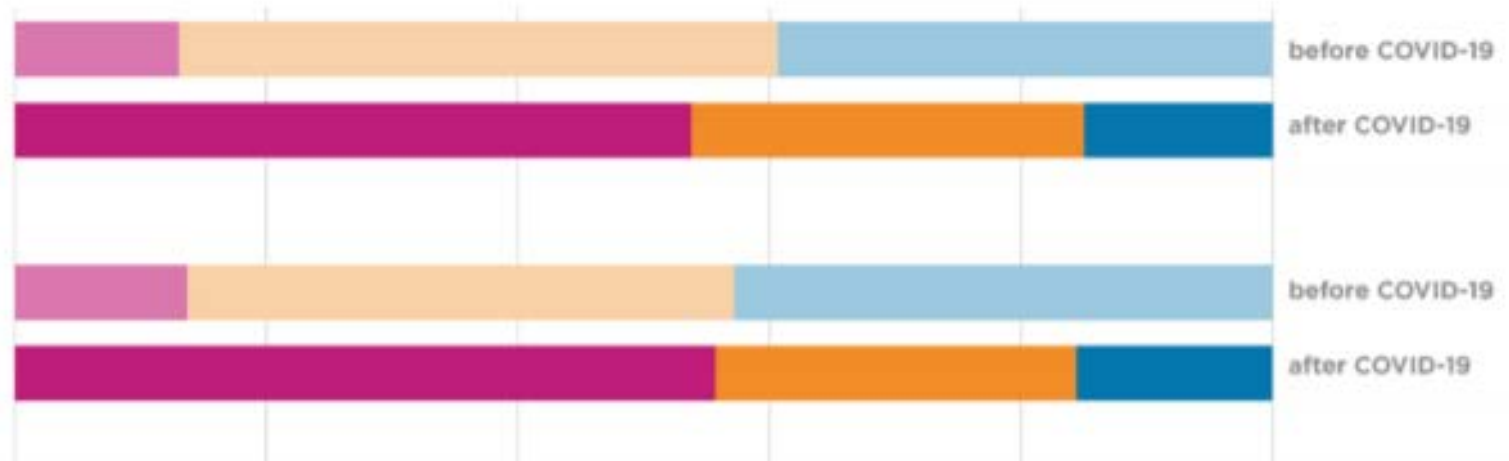
of students experienced
a change in their living
situation

The COVID-19 Impact on California students

COVID-19 has only exacerbated the basic needs challenges college students in California are facing..

CONCERN ABOUT

PAYING FOR TUITION
AND FEES



PAYING FOR HOUSING
AND FOOD



March 2020: CSAC submits Modernization Proposal

- Simplify & Streamline Aid
- Reduce Student Debt
- Address Equity & Reduce Eligibility Barriers
- Establish Total Cost of Attendance as affordability benchmark
- Maximally leverage Federal, State, Institutional Aid to serve students
- **State Budget 2020: effectively suspended this proposal**



CSAC asked to modify March 2020 proposal: no new funds

- Key Policy Changes & Goals:
 - *Align state and federal eligibility criteria for aid by adopting Expected Family Contribution (EFC) as the primary metric for determining student need*
 - *Remove eligibility barriers based on age, time out of high school, and GPA*
 - *Create a more continuous, predictable eligibility continuum that provides more aid to the most financially vulnerable students*
 - *Optimize the current allocation of state financial aid*

PROPOSED: CAL GRANT 2

All eligible \$0 EFC students attending a CCC get a stipend.

- No GPA verification required
- Eliminate time out of high school and age requirements
- Application deadline moved back to September 2
- Increases students eligible from **124,260** under current Cal Grant programs to **279,264** under modernization (**125%↑**)

CAL GRANT 2: COSTS AND OPTIONS

Student population served	Award amount	Total funds required	Additional funds required
\$0 EFC students	\$1,250	\$150 million	None
\$0 EFC students	\$1,656	\$196 million	\$46 million
\$0 EFC students	\$2,500	\$300 million	\$150 million
≤ \$5,576 EFC students	\$1,250	\$251 million	\$101 million
≤ \$5,576 EFC students	\$1,656	\$333 million	\$183 million
≤ \$5,576 EFC students	\$2,500	\$505 million	\$355 million



CAL GRANT 2: Key changes in distribution

Relative to today's Cal Grant programs, eligible students under Cal Grant 2 are more likely to be:

- Lower-income (average income = \$14,065)
- First-generation college students (69.3%)
- Older (average age = 25.9)
- Student-parents (28.5%)

CAL GRANT 2: Changes by Race/Ethnicity

Cal Grant/2	African American	American Indian	Asian	Filipino	Latinx	Pacific Islander	Two or More Races	White
Current Model	5.3%	0.5%	7.4%	2.4%	68.1%	0.4%	1.8%	14.1%
Proposed Model	8.4%	0.6%	7.0%	1.7%	67.6%	0.5%	1.8%	12.5%
Newly Eligible	10.1%	0.6%	6.7%	1.7%	65.4%	0.5%	1.9%	13.0%
Newly Ineligible	3.2%	0.4%	7.6%	4.0%	63.8%	0.4%	2.1%	18.6%

PROPOSED: STUDENTS WITH DEPENDENT CHILDREN

All eligible \$0 EFC student-parents attending a CCC, CSU, or UC receive a stipend.

- No change to current eligibility criteria or means for determination of award levels
- CCC students would receive either a SWDC grant or a CG 2
- UC & CSU students would receive an SWDC grant in addition to their tuition/fee coverage
- Nearly twice as many student-parents eligible (**60,301**) than under current Cal Grant model (**26,623**)

SWDC GRANTS: COSTS AND OPTIONS

Student population served	Award amount	Total funds required	Additional funds required
\$0 EFC students at CCC, CSU, and UC	\$2,800	\$125 million	\$0
\$0 EFC students at CCC, CSU, and UC	\$6,000	\$270 million	\$145 million
\$0 EFC students at all segments	\$6,000	\$291 million	\$166 million
≤ \$5,576 EFC students at CCC, CSU, and UC	\$6,000	\$333 million	\$208 million
≤ \$5,576 EFC students at all segments	\$6,000	\$365 million	\$240 million

PROPOSED: CAL GRANT 4

If you have an EFC that is eligible for a Pell Grant, you are eligible for a Cal Grant/4.

- No age/time out of HS requirements.
- GPA cutoff lowered from 3.0 to 2.0.
- Covers full tuition & fees at a UC or CSU; maintains existing award amounts for students at eligible private institutions
- Institutional aid programs would be expected to provide \$0 EFC students with a stipend to support their basic needs expenses
- Increases students eligible from **132,626** under current Cal Grant programs to **174,650** under modernization



CAL GRANT 4: Key changes in distribution

Relative to today's Cal Grant programs, eligible students under Cal Grant/4 are more likely to be:

- Lower-income (average income = \$27,467)
- Independent students (46.7%)
- Older (average age = 22.5)
- Student-parents (8.3%)

CAL GRANT 4: Changes by Race/Ethnicity

Cal Grant/4	African American	American Indian	Asian	Filipino	Latinx	Pacific Islander	Two or More Races	White
Current Model	5.8%	0.3%	14.9%	3.5%	58.2%	0.5%	2.1%	14.6%
Proposed Model	6.2%	0.3%	15.0%	3.1%	59.4%	0.5%	2.0%	13.5%
Newly Eligible	6.6%	0.3%	16.6%	4.0%	50.4%	0.5%	2.6%	18.9%
Newly Ineligible	4.4%	0.4%	15.5%	6.3%	44.2%	0.5%	3.4%	25.4%

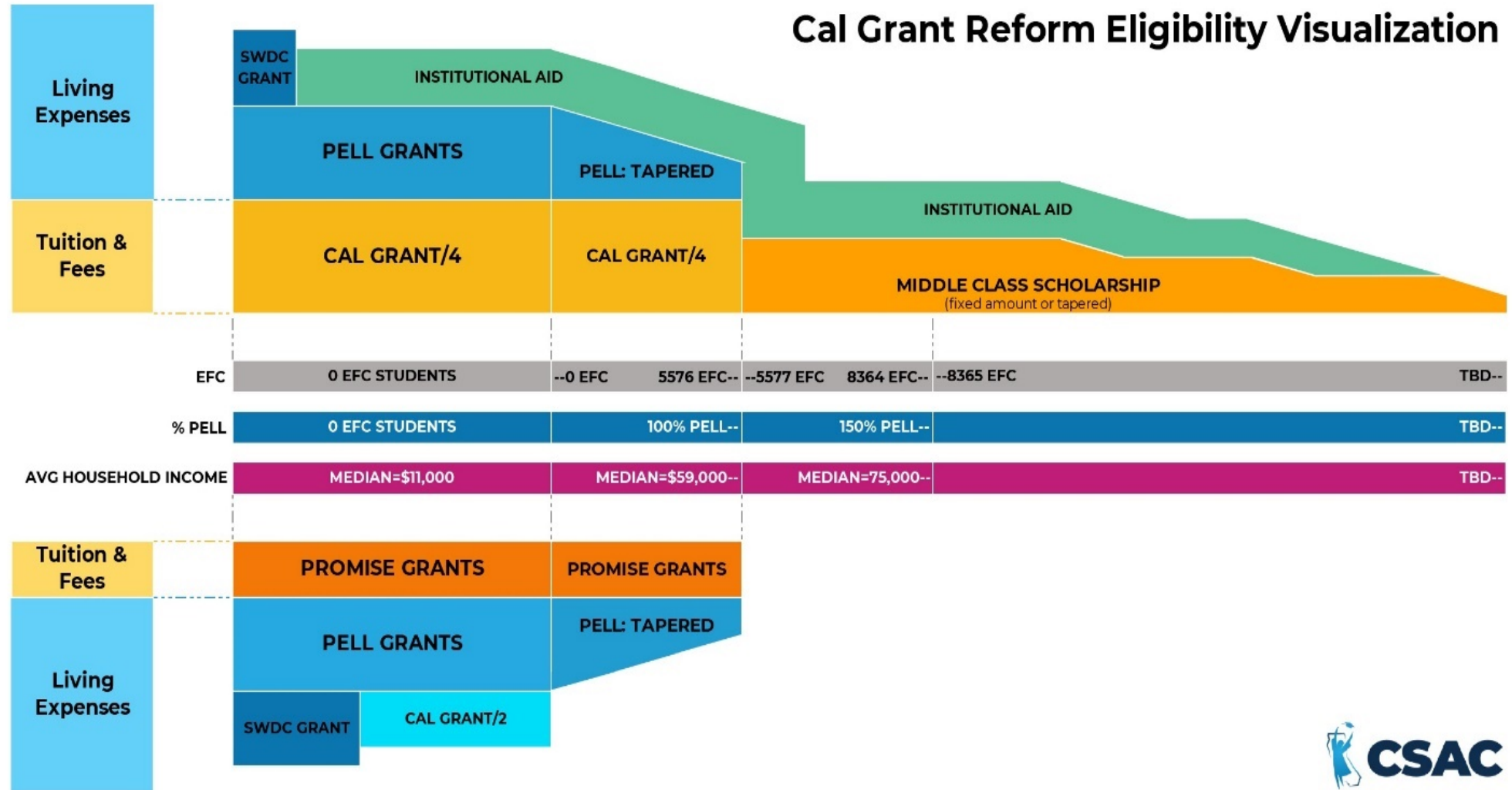


MIDDLE CLASS SCHOLARSHIP (MCS)

PROPOSED: MCS would continue to provide a percentage of tuition to students not receiving a Cal Grant 4, with changes to align with the new Cal Grant model & support successful administration.

- Convert MCS to EFC-based eligibility (rather than income/assets)
- Eliminate MCS as a “last dollar award”

Cal Grant Reform Eligibility Visualization



OTHER NOTES

- Any student now receiving a Cal Grant using current eligibility standards will be grandfathered eligibility until it expires.
- No movement of funding between segments or programs.
- There are some students with higher EFC getting a Cal Grant, but **many** students at \$0 EFC not getting one.



RECENT FEDERAL POLICY CHANGES

- Recent federal COVID relief bill include significant provisions to change federal calculation for aid, including elimination of EFC and adoption of “Student Aid Index”
- More California students will receive a Pell Grant, which would increase the number of eligible students for a Cal Grant 4
- Longer-term, creates opportunity for state policymakers to an to consider how best to align and leverage state & institutional aid with federal investments

OTHER POLICIES TO EXPLORE

In addition to the provisions outlined, staff suggest that the below policies be further explored to reinforce the goals of California state aid programs and Cal Grant modernization:

- Growth index for Cal Grant 2 awards
- Statutory formula for awards to students at independent colleges & universities
- Summer Cal Grants

KEY OUTCOMES

- Streamlines program to be more easily understood by students and families or communicated by educators
- Aligns of state-based aid with federal policy
- Ends use of “rationing mechanisms” for state aid that are not connected to financial need
- Targets state resources on the most financially vulnerable students

KEY OUTCOMES

- Opportunity to serve more than 197,000 additional students than under current standards
- Improved access for student-parents, adult learners, & CA Dream Act Application filers
- More inclusive Cal Grant programs – more African-American and Latinx students to receive an award