

PRIORITIZING THE CAL GRANT EQUITY FRAMEWORK TO AID STUDENTS TODAY WITH AB 1456



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The California Student Aid Commission (CSAC) serves the nation's largest student population. Still, even as our state has grown more populous and diverse, equitable access to financial aid awards has not kept pace, especially for non-traditional students like adult learners and returning students who make up a growing share of enrollment. Cost of living and basic needs expenses have grown exponentially, but the state's financial aid system has not factored in the true costs of college, rendering higher education unaffordable for too many Californians.



More than 7 of 10 students had lost some or all of their income due to the COVID-19 pandemic.

– CSAC Survey of 76,000 incoming or returning college students, May 2020

In early 2020, CSAC published [*Cal Grant Modernization: A Vision for the Future*](#), proposing that state financial aid use the full cost of attendance as the college affordability benchmark rather than solely tuition. Although the crises created by COVID-19 prevented Cal Grant modernization from advancing in the Legislature in 2020, policymakers concerned about the needs of our college-going students have asked CSAC to bring forward a refined proposal for the 2021 legislative cycle.

We Cannot Afford to Wait. California's primary state-funded student financial aid program, Cal Grant, was designed six decades ago and no longer meets the needs of the state's struggling college students. COVID-19 and the ensuing recession have only heightened financial pressures being experienced by students while also creating longer-term questions about the availability of financial aid.

HOW IT WORKS: SERVING STUDENTS AMID A BASIC NEEDS EPIDEMIC

Cal Grant modernization and a shift to a state aid model based on student need—rather than outdated rationing devices like age and time out of high school – will create a more inclusive financial aid system resulting in a more diverse workforce to strengthen California's economy. The new Cal Grant Equity Framework will better support students as California recovers from COVID-19 and position the program to be built out with future investments as state budget conditions improve and the student populations and their needs evolve.

Cal Grant 2 Updates: Aid to More Students

- Guarantee an access award (entitlement) for all California Community College (CCC) students with an Expected Family Contribution (EFC) of \$0 and who do not have any dependents under age 18. (0 EFC is approximately \$11,000 per year.)
- Eliminates the Competitive Cal Grant that prevented many students with financial need from receiving an award. Cal Grant 2 would provide predictability and reliability for low-income students relying on a Cal Grant.

	Cal Grant 2 (Current)	Cal Grant 2 (Proposed)
Number of Eligible Students	124,260	279,264 Increase of nearly 100,000 students in need
Award Amount	\$1,656	\$1,250

Summary of Cal Grant 2 Eligibility Criteria Changes:

- Students must file FAFSA/CADAA by September 2nd
- Financial need determined by EFC (EFC = \$0)
- No GPA verification required



Cal Grant 4 Updates: Sharpened Focus on Financial Need

- Guarantees a tuition/fee award to students with an EFC equal to or less than \$5,576 (the Pell Grant cutoff) and attending an eligible four-year institution. The median household income of a Pell Grant-eligible student is approximately \$59,000 per year.
- Maintains the current tuition entitlement for students enrolled at UC or CSU campuses and is equal to 100 percent of mandatory systemwide tuition and fees at that segment.
- Students attending an eligible non-profit institution, the maximum Cal Grant would cover a fixed amount of the student's tuition costs, as determined in the annual State Budget Act (currently \$9,084).
- Cal Grant tuition awards at for-profit institutions would remain unchanged from current levels.

Summary of Cal Grant 4 Eligibility Criteria Changes:

- Financial need determined by EFC (EFC = \leq \$5,576)
- 2.0 GPA verification required

	Cal Grant 4 (Current)	Cal Grant 4 (Proposed)
Number of Eligible Students	132,626	172,889
Award Amount	Tuition & Fees + Access Award for Cal Grant B recipients (fixed amount for private institutions)	Tuition & Fees (fixed amount for private institutions)

Students with Dependent Children Grant

Eligible student-parents with children under age 18 enrolled at the CCC, CSU, or UC will be awarded a larger grant award, funded under the separate \$125 million allocation for the program. The Students with Dependent Children grant would be available to \$0 EFC students enrolled at a CCC, CSU, or UC campus. The current statutory provisions that base the award amount upon the availability of funds and the number of eligible recipients would be maintained. An eligible student-parent at the CCC would receive a Students with Dependent Children award in place of the Cal Grant 2, while at the CSU and UC, this award would be in addition to the tuition and fee coverage provided by Cal Grant 4.

Middle-Class Scholarship & Institutional Aid Updates

The Middle-Class Scholarship will continue to award a percentage of tuition to students at the UC and CSU who do not receive a Cal Grant 4 award. However, the Commission would propose changes to conform the program with the new Cal Grant 4 system and facilitate its administration. Institutional aid is expected to help students address their basic needs, and policymakers may consider a number of mechanisms to ensure that aid is being utilized equitably.

CALIFORNIA MUST LEAD

With the recent passage of the "FAFSA Simplification Act," the federal financial aid system is changing substantively, including expanding the Pell Grant, eliminating dozens of questions in the FAFSA, and the shift away from EFC and to a new "Student Aid Index. These federal policy changes reinforce the urgency for action on Cal Grant modernization in 2021.

The time to modernize the Cal Grant is now. Our students cannot afford for us to wait.
LAB Committee

March 10, 2021

CAL GRANT REFORM ELIGIBILITY VISUALIZATION

