

Item 12

(Information Item)

Update on Cal Grant Modernization Proposal

SUMMARY:

The Executive Director and staff will provide an update on efforts to revise the Cal Grant modernization proposal, pursuant to the request from legislators to develop options for implementation without additional funding. The presentation will include relevant research findings on student credit card debt levels from the Student Expenses and Resources Survey (SEARS) that were recently published, as well as the modeling of a cost-neutral adoption of the Cal Grant modernization proposal issued in March 2020.

RECOMMENDATION:

This is an information item only; no action is required.

BACKGROUND:

On March 6, 2020, the California Student Aid Commission published a report titled, “Cal Grant Modernization – A Vision for the Future,” that outlined the 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 on the basis of their age or the time passed since their graduation from 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 commencement of the 2021-22 legislative session, Commission staff have updated the modeling of the Cal Grant 2/4 proposal to reflect what would be possible to achieve in eliminating barriers to student eligibility, shifting to a system based on Expected Family Contribution (EFC), and streamlining the various existing Cal Grant programs. Commission staff have also begun to engage segment partners and key stakeholders around these options, as well as scheduled a meeting for the Cal Grant Reform Work Group to provide feedback on the options for a cost-neutral adoption of the Cal Grant 2/4 model.

California Student Aid Commission

RESPONSIBLE PERSON(S):

Marlene L. Garcia
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ATTACHMENT(S):

Cal Grant Modernization – A Vision for the Future report published on March 6, 2020