

Item 7

(Information Item)

Update on Cal Grant Modernization

SUMMARY:

This item provides an update on the status of efforts to modernize the Cal Grant program to better reflect the students of California and their needs today. This update will include an overview of the key changes made to the proposal due to federal financial aid policy changes, as well as an update as to where the proposal sits in the legislative and budget process.

RECOMMENDATION:

This is an information item; no action is required.

BACKGROUND:

As shared with the Commission previously, Assembly Bill 1456 (Medina & McCarty) was introduced in February and reflected the Cal Grant Equity Framework proposal released in January 2021. This proposal was intended to align state financial aid policy with that of federal financial aid by utilizing the same “Expected Family Contribution” (EFC) generated by the Free Application for Student Aid (FAFSA) and the California Dream Act Application. However, in December 2020 the FAFSA Simplification Act was enacted as part of a package of federal legislation responding to the COVID-19 pandemic; this federal legislation not only significantly decreases the number of questions on the FAFSA, but also expands Pell Grant eligibility criteria, and replaces the use of EFC with the new “Student Aid Index” (SAI).

To ensure that the Cal Grant Equity Framework maintains alignment of state policy with the federal financial aid system, Commission staff remodeled the proposal based on the FAFSA Simplification Act. This updated version of the Cal Grant Equity Framework proposes utilizing the same system of identifying eligible students as will be used for federal aid purposes in the FAFSA being offered starting in October 2022. The Commission released a policy brief outlining the key changes to the Cal Grant Equity Framework proposal on April 8, 2021, which were then reflected in AB 1456 after amendments were made to the legislation on April 12.

AB 1456 was heard by the Assembly Higher Education Committee on April 22, where it was approved on a bipartisan 10-0 vote. The bill is now pending consideration by the Assembly Appropriations Committee.

California Student Aid Commission

Concurrently, conversations around simplifying and expanding financial aid are taking place in the context of the 2021-22 State Budget. In April, both the Senate and Assembly released documents outlining their priorities for the State Budget which reflected a prioritization around expanding financial aid. Further Budget subcommittee hearings on investments in financial aid have been scheduled for May.

RESPONSIBLE PERSON(S):

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ATTACHMENT(S):

Cal Grant Equity Framework and Student Aid Index Brief