

California Student Aid Commission  
Student Impact, Outreach and Communications Committee

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## Item 5

### (Information Item)

#### Update on 2024-25 Cal Grant Award Processing

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**SUMMARY:**

This item provides an update on changes made to the processing of 2024-25 Cal Grant Awards due to the simplification of the Free Application for Federal Student Aid (FAFSA) and enhancements to the California Dream Act Application (CADAA). This year's FAFSA and CADAA application deadline for the Cal Grant and Middle-Class Scholarship Program has been extended to April 2, 2024.

**RECOMMENDATION:**

This is an information item; no action is required.

**BACKGROUND:**

The California Student Aid Commission (Commission) staff has made the necessary modifications and updates for the 2024-25 Cal Grant Award Processing based on the substantial changes from the FAFSA and the CADAA. These changes also include the new requirements under the Cal Grant Reform proposal adopted in the 2022 State Budget under the new Cal Grant Equity Framework. Although Cal Grant Reform is pending pursuant to the May 2024 funding trigger, Commission staff have been working on the new business requirements for the new Cal Grant 2 and Cal Grant 4 programs.

The 2024-25 FAFSA application changes were implemented under the provisions of the FUTURE Act and the FAFSA Simplification Act. This is the first major redesign of the FAFSA form in over 40 years and was a significant overhaul of the FAFSA system, including an updated FAFSA form, need analysis, and provisions to many of the policies and procedures used by schools. The updated 2024-25 FAFSA opened on January 1, 2024, and to date over three million students have successfully completed the application across the country.

The Commission staff also implemented changes and enhancements to the 2024-25 CADAA to align with the Better FAFSA and the recommendations presented in the Commission's report "Renewing the Dream: Improving Financial Aid and College Affordability for California's Undocumented Students". A specific emphasis of the administrative recommendations was to identify and simplify parts of the CADAA while

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preserving the data elements needed to properly calculate a Student Aid Index (SAI) and remain consistent with the FAFSA. The updated 2024-25 CADAA opened on December 30, 2023.

### Cal Grant 2 and Cal Grant 4

Commission staff have reviewed the impacts to the 2024-25 Cal Grant awards based on changes per the Cal Grant Reform proposal that is pending the funding trigger in May 2024. Cal Grant awards under the new Cal Grant Equity Framework require new business rules to process new 2024-25 Cal Grant 2 and 4 awards. In addition, the Cal Grant legacy model requires some modifications per the May 2024 funding determination. Highlights of the Cal Grant Equity Framework include:

- Cal Grant 2 for Community College Students
- Cal Grant 4 for Students at UC, CSU, or Private Institutions
- Extra Support for Student-Parents and Foster Youth
- Simplifies State Aid and Aligns with Student Aid Index

### 2024-25 Cal Grant Awards

Commission staff have completed development of a modified version of the Cal Grant High School Entitlement (E1) award process to ensure that incoming freshmen students receive timely information on their potential eligibility for state financial aid ahead of the May 2024 revenue trigger. This modified process will consider the eligibility variables of the two Cal Grant models, and only offer preliminary awards to students that meet the eligibility criteria under both. Once the Cal Grant reform decision is made, the appropriate cohort of remaining students will be processed.

Students that meet eligibility criteria under both Cal Grant models shall receive a generalized preliminary E1 award notification that has been updated based on recommendations from the Cal Grant Reform workgroup. The new preliminary award notification is streamlined and has student-friendly language along with potential award amounts based on college segment. Notifications will be sent weekly as the Commission processes Cal Grant High School Entitlement (E1) awards based on the receipt of new Institutional Student Information Record (ISIR) from students who have completed the FAFSA or CADAA.

Federal Student Aid (FSA) announced on January 23, 2024, that they intend to update the tables used to protect an amount of a family's income and assets used in the calculation of the Student Aid Index (SAI) by inflation-adjusted amounts. On January 30, 2024, FSA released the final draft of the SAI and Pell Grant eligibility guides with the updated tables that accounted for inflation. As a result of the table updates, FSA will further delay the release of the ISIRs to state agencies and colleges until the first half of March. California ISIRs were also delayed as the Commission revised SAI tables and corrected CADAA records.

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The Commission is prepared and will begin processing Cal Grant High School Entitlement (EI) awards after it receives ISIRs from FSA. Award information will be made available to institutions to package student financial aid awards. This delay will significantly reduce the window for students to consider their financial aid award options and make a college decision.

Additional system changes that have been completed because of FAFSA Simplification and Cal Grant Reform are the following:

- Established default housing status for First Year, Education Level 1 (Freshman) students because of the elimination of the housing question on the FAFSA.
- Expanded ability for schools to update housing status for individual students through batch file upload and individual record updates.
- Masked Federal Tax Information (FTI) in WebGrants that was collected via a student's ISIR to align with Federal Student Aid (FSA) privacy requirements.
  - Some examples of FTI Data are:
    - Adjusted Gross income (AGI)
    - Student Total Income
    - Parent Total Income
    - Tax Filing Status
    - Number of Dependents
- Identified potential modifications to the awards process for Students with Dependent Children (SWD) due to the dependent children question change on the FAFSA.
- Clarified that students with a provisional SAI will be awarded after schools submit a professional judgement after dependency verification.

During the period that the Commission is processing modified Cal Grant High School Entitlement awards, schools will be able to view, but will not be able to update rosters on WebGrants for Institutions. Similarly, other processes, such as Cal Grant Transfer Entitlement Awards, Top Two Percent Cal Grant B High School Entitlement awards, and Cal Grant Competitive Awards will be held until after the May 2024 revenue trigger.

Commission staff continue to collaborate with segment and campus representatives through the Cal Grant Reform workgroup to prepare for the changes to the 2024-25 Cal Grant Awards process under the new Cal Grant Equity Framework, or the Cal Grant legacy model. The Commission will release several Grant Operations Memo and Grant Special Alerts as development on the award cycles are completed.

The Commission also continues to support families and students to apply for financial aid given the shorter timeframe to apply by the state's priority deadline. Over 400 Cash for College workshops have been held since the beginning of the year.

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**RESPONSIBLE PERSON(S):**

Tae Kang, Deputy Director  
Program Administration and Services Division

Terry Artica, Branch Manager  
Program Administration and Services Division