

California Student Aid Commission

Item 6

(Information Item)

Update on Cal Grant Modernization and Four-Part Strategy Amid COVID-19 Crisis

SUMMARY:

This item presents an update on Cal Grant Modernization given the onset of COVID-19. In response, the California Student Aid Commission (Commission) staff have developed a four-part plan for addressing students' financial aid and basic needs to successfully persist and graduate from college.

RECOMMENDATION:

This is an information item; no action is required.

BACKGROUND:

In September 2019, Senator Connie Leyva and Assemblymembers Kevin McCarty and Jose Medina, authors of the two financial aid reform bills, Senate Bill 291 and Assembly Bill 1314, requested that the Commission convene and lead a stakeholder group to make formal policy recommendations for Cal Grant reform legislation. The Cal Grant Reform Work Group, convened by Chair Cifuentes and Executive Director Garcia in October 2019, ultimately narrowed down the options to a single proposal that redesigns the Cal Grant program based on whether a student starts their journey at a California Community College or a four-year institution.

In February 2020, the Commissioners and stakeholders were presented the proposal; they expressed support and provided feedback for further consideration. The Commission directed staff to finalize the report and Cal Grant Modernization proposal, with final approval from the Chair and Vice Chair, on behalf of the Commission, before submitting the work to the Legislature and the Governor's Office. The report, titled [*Cal Grant Modernization: A Vision for the Future*](#), was published on March 6th, 2020 and received support and positive responses from key policymakers and stakeholders.

UPDATE ON CAL GRANT MODERNIZATION DURING THE COVID-19 CRISIS:

Due to the COVID-19 global pandemic, the Commission has focused on addressing the immediate emergency basic needs of students while keeping Cal Grant Modernization a high priority. Increasing support for basic living expenses was the centerpiece of the Cal Grant Modernization proposal and continues to be the Commission's focus during this unprecedented crisis. Commission staff have developed a four-part strategy to guide their work in serving students with high-financial need over the next couple of years.

1. **Immediate term (now through summer).** Support colleges and universities in distributing federal emergency financial aid from the CARES Act as quickly as possible. Additionally, the Commission has requested the Governor to issue an Executive Order that temporarily

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relaxes Cal Grant verification requirements. Given that schools and offices closed, the Commission has requested the following:

- Delay the deadline for Cal Grant GPA verification until September 2, 2020;
 - Waive the requirement that students must verify high school graduation; and
 - Waive the requirement for California Dream Act Application (CADAA) students to register for the federal Selective Service Registration system; CADAA students are required to submit manual application forms which currently are not being processed during the shut-down.
2. **Short-term (2020-21 academic year.)** The focus of this strategy is to target emergency financial aid relief to high-need students who are least likely to receive federal emergency relief aid. Currently, Cal Grant B students receive non-tuition Access Awards of \$1,672. This program serves the highest-need students, a significant number of whom are community college students and undocumented students.

The Commission and the Community College Chancellor's Office have co-signed a letter to Governor Newsom requesting \$29.1 million to fund an emergency, one-time \$500 supplemental award to all eligible Competitive Cal Grant B FAFSA filers (70,944) and all Cal Grant B CADAA filers (11,728) for the upcoming 2020-21 academic. Cal Grant B students have great financial need and their families are most likely to be impacted significantly by the economic crisis resulting from the COVID-19 pandemic. The emergency supplemental grant would be added to the existing \$1,672 Cal Grant B Access Award for a total of \$2,172 and would be prorated by their enrollment status.

Community college students were disadvantaged by the CARES Act funding distribution that was based on Pell Grant participation, a metric that does not reflect the true number of students with need because of under-participation in this federal program. The U.S. Department of Education recently issued new guidance stipulating that undocumented students are prohibited from receiving the CARES Act emergency aid funds.

This request to the Governor urged that resources to fund the proposed Cal Grant award augmentation be drawn from the Governor's Emergency Education Relief (GEER and/or State General Funds, or a combination of the two.

3. **Medium-term (2021 Legislative Session).** The focus of this strategy is advocate for new legislation in the 2021 Legislative Session that implements the proposed Cal Grant Modernization framework within existing funds. This step would enact the framework for Cal Grant Modernization and target funding to implement the initial phase of implementation. Commission staff would begin working with a large and diverse coalition of interests in the fall 2020 to support Cal Grant Modernization during the 2021 Legislative Session as a strategy to rebuild the California workforce and new economy. Staff would also leverage philanthropic organizations to support this effort. There is strong interest in keeping the

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momentum going for Cal Grant Modernization and continue advocating for students' financial aid and basic needs.

4. **Long-term (when the economy improves).** This phase would fully fund Cal Grant Modernization as envisioned in the final report submitted to the legislature on March 6, 2020. Given the economic downturn, this phase would require a deep analysis and identification of viable funding options. For this strategy to be successful, Cal Grant Modernization must be perceived as directly tied to California's economic recovery. The top-line message is that California college students are needed to supply the talent pipeline to uplift the future workforce and economy more than ever before.

RESPONSIBLE PERSON(S):

Marlene L. Garcia
Executive Director

ATTACHMENT(S):

Letter from Senator Leyva and Assemblymembers Medina and McCarthy