

# Updating State Financial Aid System Will Help More Students At California Community Colleges



***A modern, accessible financial aid system will enable more diverse, talented Californians to be educated at California Community Colleges and enter the workforce or transfer to a four-year university.***

Remodeling our financial aid system will fuel our workforce, help lead economic recovery, and enable more students to attend California colleges and universities. As we approach the second year of the COVID-19 pandemic, California Community College (CCC) students remain essential to refueling the economy and building a resilient workforce.

California Community Colleges' role in the essential worker and college transfer pipelines has become increasingly evident during the COVID-19 crisis. Pandemic-induced financial and educational instability have become insurmountable for many CCC students, forcing many to drop out of school. These students must not be left behind. Remodeling financial aid disbursement with equity will be critical to ensure CCC students achieve their educational goals.



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

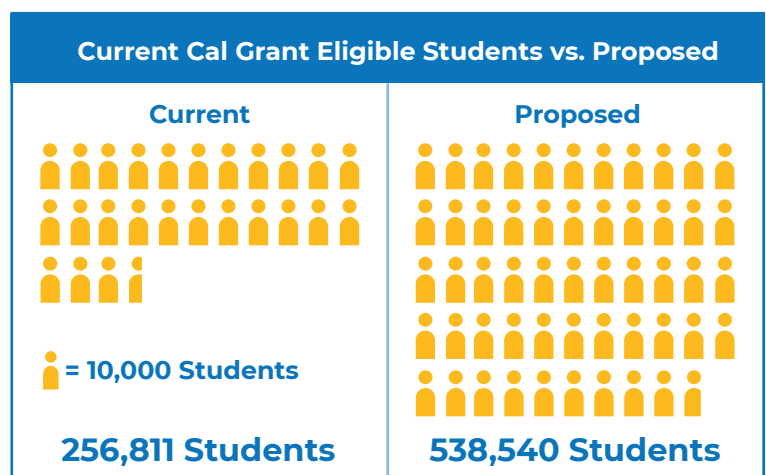
– CSAC Survey of 76,000 incoming or returning college students, May 2020

Modernizing Cal Grant will benefit CCC students greatly by nearly tripling the number of students eligible for a Cal Grant award – **from 124,000 under today's Cal Grant to 367,000 under the Cal Grant Equity Framework.** The average income of newly eligible CCC students is below \$20,000 and the average age is 25.9.

Streamlining and broadening eligibility for population-specific state aid, like Cal Grant 2 and the Students with Dependent Children Grant, can make higher education accessible to more students from diverse backgrounds and life experiences. Simplifying the financial aid system will provide higher educational opportunities for more students than ever before, better addressing the unique needs of today's student population.

## HOW WILL CAL GRANT MODERNIZATION WORK?

Modernizing the Cal Grant system will streamline our current financial aid system to serve more students and revitalize California's workforce. The remodeled program would align eligibility of state-based financial aid with federal policy, eliminate eligibility barriers and target state resources for the most financially vulnerable populations while serving **240,000 MORE California Community College students.**



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Under the modernization proposal, barriers to Cal Grant eligibility based on age and time since high school graduation will be eliminated and replaced with awards that better assess:

- Student income, rather than Expected Family Contribution (EFC), specifically capturing the need of lower-income students
- Family need, supporting student-parents with dependents under 18

Grants like the Students with Dependent Children (SWDC) award will be updated to reach more student parents and uplift more families. As higher education has become more accessible and the number of student parents has grown exponentially in the last two decades, updating the SWDC award will help keep more students on track to support their families, pursue their higher education and contribute to California's workforce.

Programs like the Middle Class Scholarship and existing institutional aid will be maintained and will be conformed to the new Cal Grant system ensuring a fair distribution of funds. The updated financial aid system will also enable more students to apply for CalFresh, a federally-funded benefit that helps recipients afford regular meals, to help better meet their basic needs.

An initial down-payment toward the Cal Grant Equity Framework will allow California to expand access to financial aid for more than **280,000 more students in just the first year of applications** under the new system, removing the eligibility barriers that restrict access to aid for many of the most financially vulnerable students. For a combined \$232 million (ongoing) and \$220.7 million (one-time), California could adopt the Cal Grant Equity Framework and maintain the maximum awards for the Cal Grant 2 and Students with Dependent Children Grant while exponentially increasing the number of students receiving financial aid.

An additional one-time investment of \$216.9 million would cover the transition costs associated with implementing the new Cal Grant system over the next three years while still maintaining award amounts for current "grandfathered" students. It has been two decades since significant reforms have been made to Cal Grant. Change is overdue. An investment in our students is an investment in our state's economic and social vitality that will pay dividends for decades to come.

Connecting students with resources through updated comprehensive eligibility assessments will enable our state to reach the most vulnerable students while continuing to serve middle-class families. The Cal Grant Equity Framework works to make higher education accessible for all.

**Simplifying and expanding the Cal Grant will help students today and our state tomorrow. None of us can afford to wait.**

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