
GRANT ADVISORY COMMITTEE

GRANT ADVISORY COMMITTEE WORKGROUP MEETING TELECONFERENCE

Monday, February 2, 2009
10:00 a.m. – 11:30 a.m.

MEMBERS

Susan Gutierrez, Chair
Mary Lindsey, Vice Chair
Kate Jeffery
Chris Schulz
Andrew Grant
Dean Kulju

Timothy Bonnel
Marco De La Garza
Rick Diffenderfer
Lisa Douglass
Catherine Graham
Frederick Holland

Judi Sveen
Sally Pace
Sharon Bowles
Adrian Griffin
Coleetta McElroy
Enrique Murillo, Commission Liaison

AGENDA

Administrative Matters
Public Comment

1. Consideration of Veteran's Benefits Issues

**TREATMENT OF VETERANS BENEFITS IN DETERMINING CAL
GRANT ELIGIBILITY: OPTIONS FOR FURTHER CONSIDERATION
BY THE GAC WORKGROUP ON VETERANS ISSUES
February 2, 2009**

The following is an attempt to summarize the options for under consideration at the end of the January 15, 2009 Grant Advisory Committee workgroup teleconference on coordinating Cal Grant policies for veterans with recent changes affecting veterans at the federal level. The two primary outstanding issues included -

- how much weight to give to the constraints on the State's budget vs. the desire to maximize benefit for veterans, and
- whether the negative impact of the prohibition against double fee coverage could be offset by other ways to enhance Cal Grant support for veterans (e.g., expanded eligibility).

Although there was general consensus on the recommendation to ignore veterans benefits for determining Cal Grant eligibility starting in 2009-10, some workgroup members could only support this change contingent on other recommendations that would be sensitive to budget constraints (i.e., allowing the tuition portion of Chapter 33 benefits to supplant state funds by maintaining the current prohibition against double fee coverage). Others were comfortable with additional recommendations benefiting veterans. However, agreement had not been reached on what those recommendations should be. Some were interested in directly addressing the negative impact of the Cal Grant prohibition against double fee coverage on the new Chapter 33 benefits. Others wanted to leave the prohibition against double fee coverage but expand Cal Grant support in other ways (e.g., exempting veterans from Cal Grant requirements that limit their eligibility).

The following attempts to translate the outstanding issues into concrete options for further consideration.

OPTION 1

Goal: Expand support for veterans while maintaining cost neutrality for the State

Specific components:

Component 1: Expand veteran eligibility for Cal Grants by ignoring veterans educational benefits, including the new Chapter 33 benefit, in determining Cal Grant eligibility, starting in 2009-10.

- There would be a small additional cost to the State (CSAC staff is estimating) for the small number of new veterans who would become eligible for Cal Grants.
- This option would be consistent with the treatment of veterans benefits in determining eligibility for all federal programs in 2010-11. In 2009-10, this option would be consistent with the federal treatment of veterans benefits for Pell Grants and subsidized Stafford loans.

Component 2: Offset the small cost to the State of Component 1 by shifting Cal Grant coverage of fees to the new Chapter 33 veteran benefits at student option.

- This component affects veterans at UC and CSU. It does not affect veterans at independent institutions where veterans could receive both the tuition portion of their Cal Grant and the tuition portion of their Chapter 33 benefit. Independent institution tuition charges typically exceed the maximum Cal Grant award plus the Chapter 33 tuition benefit (which in California equals the highest fees charged by a UC campus). It would also not affect veterans at CCC's because Cal Grants do not cover their fees.
- There would be a small savings to the State (CSAC staff is estimating) to the extent that the small number of Cal Grant recipients at UC and CSU also receiving Chapter 33 benefits opt to use their Chapter 33 benefits to cover their fees.
- This option would maintain the current Cal Grant prohibition against double tuition/fee coverage (i.e., a student cannot receive both a Cal Grant and a second award designated for tuition/fee coverage). As a result, at UC and CSU, a veteran Cal Grant recipient would not realize a benefit from the tuition/fee coverage portion of the new Chapter 33 program, which would either supplant the fee portion of their Cal Grant or go unused. The veteran could receive the other portions of the Chapter 33 benefits (e.g., for books, living expenses, tutoring, etc.).
- This option would maintain equity in the Cal Grant treatment of veterans relative to other recipients.

Component 3: CSAC (?) would provide materials for CSAC staff and institutions to use in providing guidance to veterans about whether they should use their Chapter 33 benefit or their Cal Grant to cover their tuition/fees. The materials would include guidance about not exhausting Cal Grant eligibility while attending a two-year institution (especially a CCC).

- Empowering veterans to choose between a Cal Grant and a Chapter 33 for covering their tuition/fees is contingent on them having the necessary

guidance to make an informed choice. Figuring out the best decision is complicated.

OPTION 2

Goal: Maximize advantage to the veteran in coordinating Cal Grant policy with new federal changes (i.e., need analysis changes and the new Chapter 33 benefits)

Specific components:

Component 1: Expand veteran eligibility for Cal Grants by ignoring veterans educational benefits, including the new Chapter 33 benefit, in determining Cal Grant eligibility, starting in 2009-10.

- There would be a small additional cost to the State (CSAC staff is estimating) for the small number of new veterans who would become eligible for Cal Grants.
- This option would be consistent with the treatment of veterans benefits in determining eligibility for all federal programs in 2010-11. In 2009-10, this option would be consistent with the federal treatment of veterans benefits for Pell Grants and subsidized Stafford loans.

Component 2: Allow veterans to realize a benefit from the tuition/fee portion of their Chapter 33 benefits by allowing the tuition/fee portion of a Cal Grant to supplement, rather than supplant, the tuition/fee portion of their Chapter 33 award.

- This component affects veterans at UC and CSU. It does not affect veterans at independent institutions where veterans could receive both the tuition portion of their Cal Grant and the tuition portion of their Chapter 33 benefit. Independent institution tuition charges typically exceed the maximum Cal Grant award plus the Chapter 33 tuition benefit (which in California equals the highest fees charged by a UC campus). It would also not affect veterans at CCC's because Cal Grants do not cover their fees.
- The State would not realize any savings from the new Chapter 33 awards; Chapter 33 recipients would continue to receive the full Cal Grant awards they have received in the past.
- The mechanism for this option would require modifying Cal Grant statute to make an exception for veterans to the requirement that the Cal Grant tuition/fee payment be applied to a recipient's tuition/fees. Instead, veterans could receive a Cal Grant award that includes a stipend equal to \$1,551 plus an amount equal to their fee charges to the extent that their veteran's benefit reduces their Cal Grant eligibility for fee coverage.

Component 3: CSAC (?) would provide materials for CSAC staff and institutions to use in providing guidance to veterans about the best timing for using their Cal Grant awards if they are eligible for veteran benefits. The materials would include guidance about not exhausting Cal Grant eligibility while attending a two-year institution (especially a CCC).

- Although under this option veterans would not need guidance on whether to choose between a Cal Grant and a Chapter 33 for covering their tuition/fees, they could still use guidance on the best timing for the use of their Cal Grant award, especially guidance on not exhausting their Cal Grant eligibility while at a CCC.

OPTION 3

Goal: Enhance Cal Grant support for veterans in ways other than allowing the fee portion of Chapter 33 benefits to supplement, rather than supplant, Cal Grant fee coverage.

Specific components:

Component 1: Expand veteran eligibility for Cal Grants by ignoring veterans educational benefits, including the new Chapter 33 benefit, in determining Cal Grant eligibility, starting in 2009-10.

- There would be a small additional cost to the State (CSAC staff is estimating) for the small number of new veterans who would become eligible for Cal Grants.
- This option would be consistent with the treatment of veterans benefits in determining eligibility for all federal programs in 2010-11. In 2009-10, this option would be consistent with the federal treatment of veterans benefits for Pell Grants and subsidized Stafford loans.

Component 2: Offset the small cost to the State of Component 1 by shifting Cal Grant coverage of fees to the new Chapter 33 veteran benefits at student option.

- This component affects veterans at UC and CSU. It does not affect veterans at independent institutions where veterans could receive both the tuition portion of their Cal Grant and the tuition portion of their Chapter 33 benefit. Independent institution tuition charges typically exceed the maximum Cal Grant award plus the Chapter 33 tuition benefit (which in California equals the highest fees charged by a UC campus). It would also not affect veterans at CCC's because Cal Grants do not cover their fees.

- There would be a small savings to the State (CSAC staff is estimating) to the extent that the small number of Cal Grant recipients at UC and CSU also receiving Chapter 33 benefits opt to use their Chapter 33 benefits to cover their fees.
- This option would maintain the current Cal Grant prohibition against double tuition/fee coverage (i.e., a student cannot receive both a Cal Grant and a second award designated for tuition/fee coverage). As a result, at UC and CSU, a veteran Cal Grant recipient would not realize a benefit from the tuition/fee coverage portion of the new Chapter 33 program, which would either supplant the fee portion of their Cal Grant or go unused. The veteran could receive the other portions of the Chapter 33 benefits (e.g., for books, living expenses, tutoring, etc.).
- This option would maintain equity in the Cal Grant treatment of veterans relative to other recipients.

Component 3: CSAC (?) would provide materials for CSAC staff and institutions to use in providing guidance to veterans about whether they should use their Chapter 33 benefit or their Cal Grant to cover their tuition/fees. The materials would include guidance about not exhausting Cal Grant eligibility while attending a two-year institution (especially a CCC).

- Empowering veterans to choose between a Cal Grant and a Chapter 33 for covering their tuition/fees is contingent on them having the necessary guidance to make an informed choice. Figuring out the best decision is complicated.

Component 4: Provide enhanced Cal Grant benefits to veterans by exempting veterans from Cal Grant program rules that limit their eligibility.

- Veterans could be exempted from the high school Cal Grant entitlement program requirement that new recipients be within two years of high school graduation. This might have a significant cost (CSAC will need to determine).
- Veterans could be exempted from the age limit in the competitive program. This would have little cost implication since only the mix, not the number, of Cal Grant recipients would be affected. (CSAC might be able to determine the number of veterans who might receive a competitive award without the age cap and the cost of their award??).

Veterans Benefit Analysis
2007-2008

Table 1:
Cal Grant applicants with Veterans Benefits

2007-2008 ISIR	Count
Eligible	846
Ineligible with EFC < 11,000*	1,334
Ineligible with EFC > 11,001	573
Total	2,753

Table 2:
Eligible Cal Grants breakdown

	E1	E2	C1	C2	Total	%
Cal Grant A	30	5	35	20	90	10.64%
Cal Grant B	88	51	277	204	620	73.28%
Cal Grant C	0	0	136	0	136	16.08%
Total	118	56	448	224	846	
%	13.94%	6.64%	52.95%	26.47%	100.00%	

Table 3:
Ineligible students with EFC < 11,000

E1	E2	C1	C2	Total
9	25	313	987	1,334
1.00%	2.00%	23.00%	74.00%	100.00%

- If veterans benefits were eliminated from the minimum Cal Grant need formula, an additional 34 entitlement (E1 & E2) students would have been offered a Cal Grant award.
- If veteran benefits were eliminated from the minimum Cal Grant need formula, an additional 1,300 (C1 & C2) students would have been eligible to compete for an award in their respective award cycle.

* Ineligible for not meeting minimum Cal Grant need for new recipients as a result of Veterans' Benefits
January 28, 2009

Veterans Benefit Analysis 2008-2009

**Table 1:
Cal Grant applicants with Veterans Benefits**

2008-2009 ISIR	Count
Eligible	815
Ineligible with EFC < 11,000*	1,108
Ineligible with EFC > 11,001	557
Total	2,480

**Table 2:
Eligible Cal Grants breakdown**

	E1	E2	C1	C2	Total	%
Cal Grant A	17	6	76	6	105	12.88%
Cal Grant B	38	133	205	201	577	70.80%
Cal Grant C	0	0	133	0	133	16.32%
Total	55	139	414	207	815	
%	6.75%	17.05%	50.80%	25.40%	100.00%	

**Table 3:
Ineligible students with EFC < 11,000**

E1	E2	C1	C2	Total
9	21	227	851	1,108
1.00%	2.00%	20.00%	77.00%	100.00%

- If veterans benefits were eliminated from the minimum Cal Grant need formula, an additional 30 entitlement (E1 & E2) students would have been offered a Cal Grant award.
- If veteran benefits were eliminated from the minimum Cal Grant need formula, an additional 1,078 (C1 & C2) students would have been eligible to compete for an award in their respective award cycle.

* Ineligible for not meeting minimum Cal Grant need for new recipients as a result of Veterans' Benefits
January 28, 2009