
6.b

Information/Action Item

California Student Aid Commission

Update of the effects of the 2012-13 State budget on Cal Grants and students

The Commission's 2012-13 budget was finalized with Governor Brown's signing of two budget bills, Assembly Bills (AB) 1464 and 1497, and education trailer bill, Senate Bill (SB) 1016. The enactment of the budget bills and the education trailer bill made award reductions and institution eligibility changes to the Cal Grant Program.

The effects on the programs and students are provided below.

1. Reduction in Cal Grant award amounts

The 2012-13 Cal Grant award amounts were reduced by 5 percent affecting over 173,000 students as follows:

- For 20,195 Cal Grant A recipients, the maximum award was reduced from \$9,708 to \$9,223.

*18,239 students at private, non-profit institutions
1,956 students at private, for-profit institutions*

- For 147,213 Cal Grant B recipients, the access award was reduced from \$1,551 to \$1,473. Also, the maximum award for the students at private institutions was reduced from \$9,708 to \$9,223.

*64,562 students at California community colleges,
12,545 students at University of California,
59,698 students at California State University,
6,236 students at private, non-profit institutions
4,172 students at private, for-profit institutions*

- For 5,822 Cal Grant C recipients, the book and supply award was reduced from \$576 to \$547. Also, the tuition and fee award for the students at non-California community colleges was reduced from \$2,592 to \$2,462.

*4,688 students at California community colleges,
96 students at private, non-profit institutions and
1,038 students at private, for-profit institutions*

2. Institutional Eligibility (Cohort Default Rate and Graduation Rate)

Under SB 1016, institutional eligibility requirements for the Cal Grant Program became more stringent by lowering the Cohort Default Rate (CDR) and adding a graduation rate requirement. For an otherwise qualifying institution to participate in the Cal Grant Program, the school must have a CDR below 15.5 percent and a graduation rate greater than 30 percent.

Over 18,600 students were affected as follows:

- 10,848 new recipients were initially at an ineligible school

*146 students at private, non-profit institutions and
10,702 students at private, for-profit institutions*

Of the 10,848 new recipients, 378 students moved to an eligible school and received Cal Grant benefits.

- 7,805 renewal recipients were initially at an ineligible school

*254 students at private, non-profit institutions and
7,551 students at private, for-profit institutions*

Of the 7,805 renewal recipients, 124 students moved to an eligible school and received Cal Grant benefits and 4,359 students remained at the ineligible school and received Cal Grant benefits. Those 4,359 students with a Cal Grant A or B received a maximum award reduced by 20 percent.

In addition to the Cal Grant award reductions and the institutional eligibility changes, the 2012-13 budget includes \$803,754,000 in federal Temporary Assistance for Needy Families (TANF) from the Department of Social services to offset General fund costs of the Cal Grant Program. TANF funds can be used for Cal Grant recipients who are age 25 year or younger and have an annual parental/student income at or below \$50,000.

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