

California Student Aid Commission

Consideration of Cal Grant Reform Proposals

June 25, 2015





Agenda

- Discuss the Cal Grant reform proposals suggested at the April 17th hearing - “How the Cal Grant is working?”
- Commission staff reform proposals
- Questions



Proposed Integrated Delivery System “A Centralized Delivery”

The Integrated Delivery System proposes to:

- Provide “one-stop” delivery
- Reduce some CSAC services
- More communications to students
- Reduce confusion
- Simplify portability
- Eliminate CSAC interface with high school counselors
- Align the Cal Grant with the federal model



Integrated Delivery – How does it impact the student?

Advantages

Align Cal Grant payment system to federal model:

- Students paid 3 days from campus receiving funds
- More students paid timely
- Utilize funds for educational expenses

Provides communications to admitted students:

- Campuses will provide Cal Grant award offers to students they admit

Integrated Delivery – How does it impact the student?

Disadvantages

Does not simplify portability:

- Students who do not get admitted
- Eliminates portability feature to make another choice

More confusion:

- Multiple communications versus one
- California Aid Report lists up to 3 campuses

No Communications:

- No award offers to low-income students not admitted

Integrated Delivery – How does it impact the school?

Advantages

Cal Grant funds go directly to campuses:

- Campuses manage the Cal Grant funds and awards to students

Disadvantages

Increases campus workload:

- Additional data exchanges
- Setting up scoring system
- Improve data exchange functionalities

Increases customer service communications as a one-stop:

- Increased call volume for campuses
- Assist ineligible students
- Monitor program eligibility for each student
- Communicate renewal eligibility

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Integrated Delivery – How does it impact the school?

Disadvantages

Campus System Enhancements:

- Modify campus systems to manage communications to students
- Modify Cal Grant disbursement process to model Pell disbursement model

Increased Costs and resources for campus:

- Costs for system enhancements
- More staff resources to address increasing customer services

Additional Workload administering:

- Transfer Entitlement
- Competitive Program
- Renewal of Cal Grant Awards
- Pell model disbursement process

Integrated Delivery – How does it change what CSAC does today?

- Removes communications to offered awardees
- Modifies the current disbursement process
- Does not eliminate the functionality of CSAC as we will need to make award offers to students not admitted to four year institutions
- Will need enrollment files to identify where students not admitted will enroll and attend
- Will need to monitor campuses to ensure more than one Cal Grant does not get paid

Increase Cal Grant Program eligibility from 4 to 5 years

● Benefits

- Assist most students who cannot graduate in 4 years
- May improve persistence and completion rates
- Contributes to lower levels of student debt to reduce cost of college
- Allows flexibility to transfer schools
- Students may achieve better grades for rigorous majors with less work hours
- Experience internships and work experience

● Concerns

- Increased cost to state for additional year of Cal Grant awards.
- May not motivate colleges to improve 4 year graduation rates.



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Expand the Transfer Entitlement Program

1. Extend age limit
2. Eliminate March 2nd
3. Allow an enrollment gap year

● Benefits

- Increase overall transfer student population
- Better represent student demographics
- Provide more opportunities for older students
- Promote transfer track starting freshmen year
- Allow students who could not immediately transfer to four year the opportunity to pursue 4 year degree

● Concerns

- Increased cost to the state for additional Cal Grant awards.



Adopt the federal system: Using the Federal Expected Family Contribution (EFC) instead of income and asset ceilings

● Benefits

- Campuses are familiar with Pell model as it is simpler using only EFC
- Allows some students over the income/asset ceiling to be eligible



● Concerns / Questions

- Does Cal Grant award amounts change to a sliding scale like the Pell model?
- An EFC cutoff will still need to be established
- Students with high assets, but low EFC may qualify
- Potential increase cost to state with more awards
- Potential decrease cost to state with less awards depending on cutoff

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Support Prior/prior Year Personal Income Tax Data on FAFSA

● Benefits

- Allows students to apply earlier and meet March 2
- Uses filed tax information
- May increase FAFSA completion rates
- Increase Cal Grant awards
- Families could receive eligibility information sooner
- Families could file same time college application filing
- Less adjustments to financial aid packaging
- Confirm with IRS earlier for award packaging

● Concerns

- Potentially inaccurate data
- Could result in incorrect disbursements
- Income may have increased significantly in prior year
- Professional judgment decisions may increase
- Additional costs to state with more awards.



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More Financial Literacy Programs

● Benefits

- Educates students, families, HS counselors
- Promotes prudent management of financial aid
- Lowers student debt
- Decrease cohort default rates at schools
- Understanding financial aid puts more in student's pocket
- Better educational goal planning

● Concerns / Obstacles

- Increased operational costs
- Many programs and models exist
- Coordinating efforts between segments
- Monitor campuses to ensure programs are available



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Revive the Grant Advisory Committee (GAC)

● Benefits

- Centralized workgroup representing all stakeholders
- All segments can report out issues
- Members can share best practice models for administering Cal Grant Program
- Meet quarterly with group to discuss items related to Commission programs

● Concerns

- May reduce number of participants as compared with workgroups
- Historically took longer to make decisions and agree to solutions than current workgroup model
- One size does not fit all (all segments different)
- Need other stakeholders outside of financial aid directors
- No consensus on various issues



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Enhancements to WebGrants

● Benefits

- Eliminate processing time for Cal Grant administrators
- Provide more real-time processes
- Increase efficiency for Cal Grant and other program disbursements
- Advanced reports
- Seamless and streamlined data exchange
- More tools for students on WebGrants for Students
- Convert paper processes to electronic

● Concerns

- Investing in outdated system
- Not all current WebGrants functions fully utilized
- Not all schools using batch payment option
- Many schools have IT constraints without support to enhance processes
- Disbursement issues will still exist at the campus level

Seek Funding for SEARS Survey

● Benefits

- Better understanding of actual student's costs
- SEARS is mandated by Education Code 69432.9(b)(2)
- Data used by campuses for their budgets



● Concerns

- Staff resources
- Administrative costs to carry out survey
- Low response rate may skew data
- Explore less expensive tools and more accurate options
- Maybe campuses can provide funding resources to implement a survey

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Increase Cal B Access and Cal Grant C Award Amounts

● Benefits

- Cover the increased costs of vocational education programs
- Cover some of the out of pocket educational costs (books, supplies, etc.) of what students actually pay
- May improve persistence and completion rates
- Improve paid rate for campuses to disburse Cal Grant C payments
- Makes the vocational programs more affordable for low-income students

● Concerns

- Increased cost to state for higher award amounts





Options to consider

Staff's recommends to look at options to centralize the Cal Grant Delivery System that:

- Is responsible for all processes, including payments to students.
- Continues to serve all low-income students and training to high school counselors and other partners who work directly with students.
- Maintain CSAC as the centralized state grant administrator similar to USDE
- Lowers the costs and resources at the campus level.
- Continues to support the intent of the Legislature to offer a state financial aid grant to all California students.

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Questions?



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