

Item 13

Information Item

Update on Middle Class Scholarship

SUMMARY OF THE ISSUE(S):

This is a standing item on the agenda that provides an update on the Middle Class Scholarship (MCS) program for the current 2015-16 academic year. The information in this item provides a comparison of the current year 2015-16 application and awards offers with the prior 2014-15 academic year.

RECOMMENDATION:

This is an information item with no formal action required by the Commission.

BRIEF HISTORY OF KEY ISSUE(S):

The MCS program provides an eligible undergraduate student at the University of California (UC) or the California State University (CSU) with a scholarship amount that, combined with other publicly funded financial aid received by the student, is up to 40 percent of the institution's mandatory system-wide tuition and fees. Funding for the first year of the MCS in 2014-15 was \$107 million. As a result of several amendments made to the program during the 2015 budget process, \$82 million was authorized for the 2015-16 award year. Early estimates projected \$116 million for the upcoming 2016-17 award year.

The MCS program is being phased in over four years. Education Code section 70022(a)(4) provides: "For the 2014-15, 2015-16, and 2016-17 academic years, the maximum amount of a student's scholarship award shall be 35 percent, 50 percent, and 75 percent of the total scholarship award amount that the student would otherwise be eligible to receive." Thus, for example, the maximum scholarship award in 2014-15 was actually 14%, rather than 40%, of the mandatory system-wide tuition and fees.

An "applicant" is any potentially eligible student who completed a FAFSA application by March 2nd; has income less than \$150,000; a maximum annual household asset amount of \$150,000 or less; and is in an undergraduate program. Applicants are reported to the Commission by a UC or CSU campus through an "enrollment file" process in WebGrants. The campuses also provide information about other financial aid, including the Pell Grant, institutional aid and state aid (excluding Cal Grant) that applicants are receiving for that academic year. An applicant must be on an enrollment file to be considered for the MCS award.

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In the 2014-15 year, 82,190 students were offered MCS awards of which 75,826 (89.1%) were paid the award. Another 335,374 applicants identified on the UC and CSU enrollment files were not eligible for the MCS award primarily because they received other financial aid covering 40 percent or more of the mandatory tuition/fees.

ANALYSIS:

Table 1 below indicates the phase-in of the MCS award amounts by academic year, the percentages and the maximum award amount for that year.

Table 2 displays the final award and paid numbers for the 2014-15 year after the final reconciliation on December 15, 2015. (*Data as of February 23, 2016*)

Table 3 shows the current year (2015-16) MCS data. (*Data as of February 23, 2016*)

Table 4 illustrates the income-level comparison for MCS offered awardees for the 2014-15 and 2015-16 award years. There are no major changes from February's update. (*Data as of Feb 23, 2016*). The data also illustrates the common misconception of who is "middle class" versus the actual students receiving an MCS award offer. For example, the students in the shaded area of the table appear to be below the Cal Grant income ceiling which are for the neediest student population. However, these students were offered an MCS award instead of a Cal Grant. The majority of these e students who appeared to be below the Cal Grant income ceiling were sophomores, juniors and seniors and would not have qualified for Cal Grants in 2014-15, even if all other Cal Grant eligibility requirements had been satisfied, because their applications would not have been submitted in the academic year of high school graduation or the year after.

RESPONSIBLE PERSON(S):

Catalina Mistler, Chief
Program Administration and Services Division

Tae Kang, Senior Manager
Program Administration and Services Division

ATTACHMENT(S):

Attachment 13.1. Tables 1-3
Attachment 13.2. Table 4

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Table 1
Maximum MCS Award Amount by Year

	Authorized Statutory Allocation	Percent MCS is of Mandatory System-wide tuition	Allowed % of MCS during 4-year Phase-in Period	Actual % MCS is of Mandatory System-wide tuition	UC Maximum Award ¹	CSU Maximum Award ²
2014-15	\$107,000,000	40%	35%	14%	\$1,704	\$768
2015-16	\$82,000,000	40%	50%	20%	\$2,448	\$1,092
2016-17	\$116,000,000	40%	75%	30%	\$3,672	\$1,641
2017-18	\$116,000,000	40%	100%	40%	\$4,896	\$2,189

¹ UC Mandatory System-wide tuition = \$12,192 for 2014-15 and \$12,240 for all other years

² CSU Mandatory System-wide tuition = \$5,472 for all years

Table 2
MCS Offered Awardees and Paid Recipients
2014-15 Academic Year (closed)

Segment	Offered Awardees	Offered Awardee Amount	Paid Recipients	Paid Recipient Amount	Paid % of Awardee Amount	Average MCS Paid Award Amount
UC	15,788	\$16,608,690	14,299	\$14,426,137	85.00%	\$1,009
CSU	66,402	\$37,651,844	61,527	\$34,770,136	90.90%	\$565
TOTAL	82,190	\$54,260,734	75,826	\$49,196,273	89.10%	\$649

Table 3
MCS Offered Awardees and Paid Recipients
2015-16 Academic Year (current)
Data as of February 23, 2016

Segment	Offered Awardees	Offered Awardees Amount	Paid Recipients	Paid Recipient Amount	Paid % of Awardee Amount
UC	9,046	\$12,091,896	6,569	\$6,216,959	51.41%
CSU	44,425	\$36,769,672	37,401	\$22,815,283	62.05%
TOTAL	53,471	\$48,861,568	43,970	\$29,032,242	59.42%

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Table 4
MCS Offered Awardees
Income Level Comparison
Data as of February 23, 2016

Household Income	2014-15					2015-16				
	UC		CSU		TOTAL	UC		CSU		TOTAL
\$0 or Less	221	23%	743	77%	964	111	21%	412	79%	523
\$1-10,000	218	15%	1,199	85%	1,417	109	15%	616	85%	725
\$10,001-20,000	299	15%	1,676	85%	1,975	105	12%	803	88%	908
\$20,001-30,000	250	5%	4,612	95%	4,862	113	5%	2,205	95%	2,318
\$30,001-40,000	314	8%	3,796	92%	4,110	99	4%	2,207	96%	2,306
\$40,001-50,000	317	10%	2,935	90%	3,252	111	6%	1,717	94%	1,828
\$50,001-60,000	365	9%	3,733	91%	4,098	128	6%	2,070	94%	2,198
\$60,001-70,000	470	9%	4,646	91%	5,116	142	5%	2,810	95%	2,952
\$70,001-80,000	575	9%	5,574	91%	6,149	161	4%	3,625	96%	3,786
\$80,001-90,000	1,146	15%	6,452	85%	7,598	524	10%	4,532	90%	5,056
\$90,001-100,000	1,636	20%	6,655	80%	8,291	1,027	17%	4,965	83%	5,992
\$100,001-110,000	2,076	25%	6,255	75%	8,331	1,283	21%	4,807	79%	6,090
\$110,001-120,000	2,029	27%	5,615	73%	7,644	1,414	24%	4,378	76%	5,792
\$120,001-130,000	2,083	30%	4,774	70%	6,857	1,336	27%	3,567	73%	4,903
\$130,001-140,000	1,986	32%	4,134	68%	6,120	1,282	29%	3,080	71%	4,362
\$140,001-150,000	1,803	33%	3,603	67%	5,406	1,101	30%	2,631	70%	3,732
TOTAL	15,788	19%	66,402	81%	82,190	9,046	17%	44,425	83%	53,471