

## **State Budget Reductions Result in Changes to Cal Grant Program Eligibility and Cuts to Cal Grant Awards**

On March 24, 2011, Governor Jerry Brown signed Senate Bill (SB) 70 (the education trailer bill) into law. SB 70 achieves reductions in state spending by changing Cal Grant eligibility requirements for both students and institutions. These changes will affect new and renewal Cal Grant recipients beginning with the 2011-12 academic year.

Specifically, SB 70 makes the following changes to Cal Grant eligibility:

1. To renew their Cal Grant awards each academic year, Cal Grant recipients will now need to meet maximum income and asset ceilings and a minimum financial need requirement, all of which previously applied only to initial Cal Grant recipients.

All Cal Grant renewal students must complete a Free Application for Federal Student Aid (FAFSA) and meet these new requirements in order to qualify for the renewal of their Cal Grants. The Commission estimates that 12,920 students will be deemed ineligible to renew their Cal Grant awards as a result of these changes.

2. Except for a limited exception described below, initial and renewal Cal Grant recipients will not be able to use their Cal Grant awards at institutions that fail to meet new institutional eligibility standards. SB 70 now requires Cal Grant participating institutions with more than 40 percent of their undergraduate enrollment borrowing federal student loans to have a three-year 2008 Trial Cohort Default Rate (CDR) of less than 24.6% to be eligible for new and renewal Cal Grant awards in the 2011-12 academic year, and less than 30% for each subsequent year. Please note that this new law modifies previous legislation, which did not place any requirements on Cal Grant participating institutions with respect to student loan participation or CDR.

A limited exception allows renewal Cal Grant A and B recipients to continue to use their Cal Grant awards at an ineligible institution if they had been enrolled at the institution in the academic year before the institution became ineligible due to a high CDR, but their Cal Grant maximum award amounts shall be reduced by 20 percent. The Cal Grant B awards of access costs of up to \$1,551 for these renewal Cal Grant B recipients, however, will not be reduced.

The Commission is presently working on implementing this new legislation. Current and prospective Cal Grant recipients and participating institutions will soon be receiving correspondence from the Commission on how these changes will affect their Cal Grant eligibility. You may find the latest information and list of [SB 70 affected institutions](#) in [About Senate Bill 70](#) on the Commission's website.