California Student Aid Commission

Item 1
(Action)

Consideration of the report on streamlining and consolidating financial aid programs administered by CSAC and on students' cost of attendance

SUMMARY:
The Century Foundation (TCF) has finalized the report *Expanding Opportunity, Reducing Debt: Reforming California Student Aid* (enclosed as Attachment 1.1), including recommendations for consolidating State grant aid programs into a single unified Cal Grant, and for expanding State financial aid beyond its current focus on tuition, to cover a greater share of total cost of attendance (COA). Commission staff have prepared a memorandum (Attachment 1.2) summarizing staff recommendations for individual action items the Commission could take on TCF's recommendations, including a multi-year Action Plan. Additionally, some Commissioners provided feedback on the TCF report via SurveyMonkey, and their responses are included here (Attachment 1.3).

RECOMMENDATION:
Review the report recommending reforms to existing State financial aid programs prepared by Mr. Shireman and TCF (Attachment 1.1), as well as the included memorandum summarizing staff recommendations (Attachment 1.2) and Commissioner feedback (Attachment 1.3), and vote to approve any recommended policy changes which are consistent with the Commission's history, mission, vision, and goals, and submit those to the Legislature as official recommendations of the California Student Aid Commission.

BRIEF HISTORY OF KEY ISSUE(S):
As part of the 2017-18 budget process, the Legislature passed Supplemental Reporting Language (SRL) requesting the California Student Aid Commission (CSAC) to prepare and submit a report in early 2018 recommending significant reforms to State financial aid programs. Specifically, the Legislature is interested in recommendations for: consolidating existing programs whenever feasible, such as when programs share similar eligibility requirements, benefits, or administration; and, expanding existing programs to cover a greater share of students' total cost of attendance (COA), with the goal of reducing or eliminating reliance on student loan debt. In the fall of 2017, following the state-mandated competitive bid process, CSAC selected a team led by Robert Shireman, Senior Fellow at the Century Foundation (TCF), to research and prepare these recommendations. After an extensive review process by the Department of General Services (DGS), including a formal protest filed by one of the other firms that applied, the contract was formally approved in early January 2018.

Mr. Shireman and his team, including Dr. Sandy Baum of the Urban Institute, introduced themselves to the Commission and briefly discussed their planned methodology for collecting the information necessary to produce the report at the Commission's January 2018 teleconference meeting. Mr. Shireman and Dr. Baum further discussed an early draft version of their report at the Commission meeting on March 8, 2018, providing Commissioners with the opportunity to ask questions and provide feedback.

ANALYSIS:
Mr. Shireman and colleagues will summarize their recommendations for reforms to the existing financial aid system and the final draft of their report to be issued to the Legislature. Commissioners will have an

opportunity to discuss the proposed policy changes, review staff feedback and recommendations, and vote to approve any policy recommendations as part of the report to the Legislature that are consistent with the Commission's policy priorities, our mission, history, values, and goals.

RESPONSIBLE PERSON(S):
David O'Brien, Director
Government Affairs

Robert Shireman, Senior Fellow
The Century Foundation

ATTACHMENTS:

Description

- Attachment 1.1 Expanding Opportunity, Reducing Debt
- Attachment 1.2 Staff Recommendationed Roadmap for TCF Report
- Attachment 1.3 Summary of Commissioner Feedback for TCF Report

Expanding Opportunity, Reducing Debt

Reforming California Student Aid

APRIL 2018 — THE CENTURY FOUNDATION
ROBERT SHIREMAN, SANDY BAUM, AND JENNIFER MISHORY

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Summary

Under a contract with the California Student Aid Commission, The Century Foundation (TCF) has been tasked with "identifying options for improving affordability at California colleges and universities," and suggesting ways to streamline and consolidate existing programs "to reduce current students' cost of attendance, thus reducing or eliminating the need to rely on student loan debt."

The project team interviewed more than fifty stakeholders, including representatives from college access organizations, K-12 education, all of the higher education segments, several state agencies including the legislature, and others. Our recommendations focus on two major reforms: (1) consolidating the Cal Grant, while taking phased steps to improve overall affordability for low-income and middle-income students so that students have an option to take on little or no debt, and (2) scaling CSAC's role in providing early, clear information to the public about student aid.

First, we recommend that California shift from a tuition-centric aid system to one that takes into consideration each student's full college expenses when determining award

levels. As part of that shift, we recommend updating the measurement of "need" and the related expected family contributions to be both more consistent across institutions and more realistic, particularly for low- and middle-income families, given the cost of living in California.

In order to accomplish this, the legislature would need to combine the major CSAC programs into one Cal Grant entitlement that would be available without regard to students' age, time out of high school, high school GPA, or other factors that have severely complicated administration of, and communication about, Cal Grants. In addition, and over a reasonable time frame, the legislature would increase investment to better account for the total cost of attendance and to minimize both the debt and the in-school earnings Californians need to complete college. The legislature would implement the new aid system in three steps:

1. Consolidate the Cal Grant and connect award level to the Expected Family Contribution (EFC). In Step 1, the legislature would broaden Cal Grant eligibility by combining all versions of the grant and eliminating current restrictions based on age, time out of high school, and GPA. A student's amount of aid would take into consideration all college expenses rather than just tuition and fees. Institutional aid would supplement the Cal Grant at the University of California (UC) and the California State University (CSU) system and at many private colleges. We project Step 1 would begin to reduce students' need for excessive work or loans at CSU campuses and community colleges. To ensure that students continue to have quality choices, students could use a Cal Grant at any private college that can meet quality assurance standards.

2. Using updated EFC and cost of attendance methodology, set the Cal Grant award level to meet affordability targets. In Step 2, CSAC would address the mismatch between the high cost of living in California and the federal EFC assumptions that low- and middle-income families face. Additional grant aid would make it possible for more students to focus on their education rather than on work, or risk their future by taking on problematic forms of debt.

3. Expand the Cal Grant to reduce or eliminate the need for loans. In Step 3, the state would continue to use reformed estimated cost of attendance and financial need calculations and provide adequate funding to reduce or eliminate students' need for loans or excessive work. Depending on a students' ability or desire to work, Step 3 would provide most students with a pathway to a debt-free degree.

Even as the legislature partners with CSAC to develop these steps toward greater affordability, we propose that they also launch a Fund for Innovation in College Affordability, so that CSAC can pilot and study approaches to addressing students' specific challenges and identify areas to gain efficiencies that reduce the cost of attendance. For example, CSAC could explore initiatives such as providing transportation vouchers, offering free meals on campus (at least in the initial weeks) for new students at community colleges, pre-purchasing textbooks for key courses, expanding work-study opportunities, arranging for child care, or funding emergency aid program to cover unforeseen student needs. CSAC would expand any successful financial aid interventions in Step 3.

Second, we recommend that CSAC pursue a parallel reform track toward a modernized, technology-savvy approach to information and advising. We propose an upgrade to CSAC's web presence, building online capabilities and a partnership with the state Franchise Tax Board to allow students to easily obtain personalized estimates of their aid eligibility and to compare aid award letters, and an increased role in advising and college savings initiatives. CSAC might, for example, work with administrators of Scholarshare, the California college savings plan, to develop communication strategies to encourage participation. This role will require a significant focus on public communications and outreach, building on CSAC's existing outreach programs, to bring a sophisticated approach to reaching millions of students and families across the state.

Three Steps to Expanding Opportunity and Reducing Student Debt

Broaden and Strengthen the Cal Grant	STATUS QUO	STEP 1 **Reconfigure the Cal Grant**	STEP 2 **Implement Revised Measures of Expenses and Need**	STEP 3 **Expand the Cal Grant to Meet Need**
	Aid programs are very complicated to explain and administer	Broaden and strengthen the Cal Grant		
	Aid amounts are linked to tuition even though expenses go far beyond	Link aid to unmet need instead of tuition, providing enough funding to meet an initial affordability target	Increase funding to meet revised affordability targets	Provide funding to reduce or eliminate need for loans
	The measure of family ability-to-pay (EFC) is frequently unrealistic	Develop revised measure to account for high cost of living in California	Reduce EFCs to account for higher cost of living	
	Aid available to community college students very limited	Expand Cal Grant availability	Adjust funding to account for revised EFC and cost measures	Provide funding to reduce or eliminate need for loans
	Estimates of non-tuition expense can be unreliable and inconsistent, and can create counterproductive incentives	Study non-tuition expenses and incentives, develop methodology for estimates	Implement new standardized cost -of-attendance methodology across sectors	
	Perspectives regarding the role of loans vary widely among colleges and aid professionals	Examine the role of work and loans, and develop revised affordability targets	Implement revised affordability targets as part of aid estimates and award letters	Refine approach regarding the role of loans

Nine Additional Steps to Remove Barriers to Access and Affordability

	STATUS QUO	RECOMMENDATION
Spur Innovation and Support Choices	Adults who are considering returning to school have little access to reliable information about aid	Provide adults with access to reliable, comparative expense-and-aid information; Include certificate options in college price comparisons, and in advising
	The reach of aid is frequently inadequate and/or too late to address barriers or influence plans and choices	Test and evaluate innovative approaches to aid. Implement large-scale pilots of outreach, advising, textbook provision, free meals for the first month of school, assistance accessing public assistance, and other efforts to address specific needs; Use lessons from pilots to inform design of aid
	Aid programs strongly emphasize BA over other options	Allow Cal Grant for programs as short as four months (consistent with Pell Grants)
	Fixed grant amount is awkward fit for widely divergent value of private college options	Expand Cal Grant availability, and implement value measures
Provide Better and Earlier Information	Aid programs are very complicated to explain and administer	Broaden and strengthen the Cal Grant
	Colleges' estimates of price and aid can be difficult to access and even harder to compare	Provide families with early, reliable, comparative expense-and-aid information
	Colleges' award letters are often difficult to decipher and compare	Identify or develop a web-based award comparison tool; Link schools' awards to comparison tool
	Too few counselors available to provide reliable financial aid advising	Upgrade website to make personalized information about aid prominent; expand CSAC financial aid advising capacity
	Some families that could save for college, don't	Reach out to families when children are young to encourage them to plan for college

Broaden and Strengthen the Cal Grant

Frequently, and especially at public institutions, students' greatest needs are not related to tuition, but instead are generated by other expenses, such as books, food, housing, and transportation. The bulk of CSAC aid, however, is linked simply to tuition prices, without taking into consideration the full set of expenses students face in order to commit themselves to their studies. At the same time, the current Cal Grant includes a patchwork of grant types (A, B, C, and both entitlement and competitive grants) with a variety of eligibility requirements that create complexities for students, CSAC, and schools. The resulting aid system is too difficult to understand, and in some cases, creates cliff effects for students and families, or fails to reach students who have significant need.

We recommend consolidating the current grant types to one Cal Grant, while at the same time shifting from the current tuition-centered approach to one that focuses on the unmet needs that students face, including tuition and other expenses. To adequately address those needs, the federal methodology that is used to determine both a student's or family's ability-to-pay and the expenses they will face will need to be refined to better align the expectations of low-income and middle-class family contributions with the high cost of living in California.

At UC and CSU, simplifying the Cal Grant is made easier and less costly by the fact that those two systems supplement the Cal Grant with considerable amounts of institutional aid. At the UC in particular, delinking the Cal Grant from tuition and moving to meet need will require a rearrangement of aid between the Cal Grant and institutional aid, but not significantly more resources. At the CSU, meeting need over time will require some additional state investment.[1] The needs of community college students are substantial and will also require additional investment. Over time, the legislature should increase the Cal Grant enough so that, combined with Pell and institutional aid, students at UCs, CSUs, and community colleges would have a viable pathway to attaining a degree with no or little debt.

Closing eligibility gaps and connecting the Cal Grant to need requires a new approach at private colleges as well. We recommend setting the Cal Grant for private, nonprofit colleges at the maximum set for a UC Cal Grant, but taking steps to ensure that the state is not overpaying, given what students are getting.

Step 1: Reconfigure the Cal Grant

In Step 1 of our recommended plan, the legislature would replace the age, GPA, time-out-of-school, income, and asset requirements with a simple consideration of Expected Family Contribution (EFC), as determined through the FAFSA.[4] Including age and GPA requirements makes little sense from a policy perspective - it leaves out thousands of adult students with need and adds dual, often inequitable academic requirements on top of school admission standards. We project that, if the legislature removed these unnecessary eligibility requirements, hundreds of thousands of students would become eligible for the new Cal Grant.

At UC campuses, CSAC would award a Cal Grant to all low-income and middle-income California resident undergraduate students, rather than just some. And rather than going mostly to students left out by the current Cal Grants, institutional aid instead would be provided to all eligible students on top of the Cal Grant, meaning nearly all of the recipients who would receive a tuition-level Cal Grant under the current design would receive at least as much total aid under the revised approach. At CSU schools, we expect a similar shift, with institutional aid building on top of the Cal Grant, rather than going mostly to students who were denied a Cal Grant. However, because the Cal State system is currently unable to cover all denied students through the State University Grant (SUG), the legislature would need to appropriate additional funding to ensure that, for each student, the Cal Grant and the SUG grant combine to provide the necessary level of aid. These investments mean that Step 1 would begin to reduce students' reliance on debt at CSUs and academically harmful levels of work at both CSUs and community colleges.

There are a couple of different ways that this broadening of the Cal Grant at UC and CSU could be achieved; both should aim for the Step 1 affordability target: a limit on the amount of "self help" funds from work and/or loans expected from any California resident student. (For Step 1, we recommend a level no higher than the current UC guideline of $11,000.) The most viable method is probably to spread and stack. Under this approach, both the Cal Grant and institutional aid would be spread, based on need, across the broad population of California residents, with the maximum Cal Grant set and funded at a level such that the combination of all grant aid meets the affordability target. One downside of this approach is that at current funding levels the Cal Grant portion would wind up being lower than tuition, creating the false impression that grant aid had been cut. We recommend addressing this by having the institutions provide a match so that the Cal Grant is at the tuition level. Institutional aid would be stacked on top, addressing non-tuition expenses.

A second approach would be for the legislature to combine CSAC-provided grants and institutional grants into single grants that meet or approach the affordability target.

Both approaches base the Cal Grant award on the goal of providing enough grant aid to meet an affordability target that takes into account all college expenses rather than just tuition. While basing the grant on tuition provides a simple message, students face a much broader range of costs—fees, housing, food, books, supplies, and transportation—that ultimately determine whether college is affordable for them or not.[5]

Community College Students

Community colleges enroll more low-income Pell Grant recipients than do CSU, UC, and California's nonprofit colleges combined.[6] Yet CSAC's aid programs currently provide little support to community college students, and the community colleges lack the means to generate institutional aid in the way that UC and CSU do. While we view Step 1 of our reform proposal to be largely a rearrangement of aid to students attending UC and a modest increase in aid for CSU students, we recommend a significant expansion of aid at the community colleges. Taking into consideration a student's full estimated cost of attendance, the legislature should provide a Cal Grant Award to community college students for whom the Pell Grant (if any) and their EFC leaves more than $8,000 of unmet need.[7]

The strict four-year duration of the Cal Grant creates complications for community college students, who frequently find that there are additional courses they need either before or after transfer. Using up more than two years of their eligibility at the community college, however, means they do not have even two years of aid left for the four-year institution. The legislature should consider providing an additional semester or two of eligibility to address this problem.

Additional Eligibility Changes

We recommend that when the legislature consolidates the Cal Grant and removes age, time-out-of school, GPA, and non-EFC income and asset requirements, it also harmonizes eligibility with most aspects of the Federal Pell Grant program. Cal Grants would be:

+ based on the EFC rather than separate income and asset cutoffs;

+ available to transfer students, whenever they transfer;

+ available for any degree or certificate program that is Pell eligible (which includes programs as short as about a semester); fully available in the freshman year; and

+ based on a requirement that recipients make satisfactory academic progress, but with no specific grade point or test requirement for initial eligibility (other than what is required to be admitted to the college).

However, we recommend the Cal Grant maintain some differences from the Pell Grant program. The legislature should make Cal Grants:

+ available for the equivalent of two years at a community college and four years total (rather than the Pell Grant's six years);[8]

+ available only to California residents; include Dreamers;[9]

+ tailored to specific institutions or segments; and

+ reach higher levels of family income than Pell grants.

We recommend seeking additional input on other aspects of alignment with Pell grants, including availability to students without a high school diploma (in limited circumstances consistent with federal ability-to-benefit provisions); allowing for acceleration, as "summer Pell" does; and eliminating or changing the March and September application deadlines.

Step 2: Implement Revised Measures of Expenses and Need

Under Step 1, the level of the Cal Grant would be based on aiming for the current affordability target at both UC and CSU, and expanding Cal Grants to far more community college students also based on current need measures. Under Step 2, the state would implement revised measures of available family resources and expenses, and would establish the Cal Grant level and affordability targets based on those revised measures.[10]

Revise the Expected Family Contribution

Many Californians live in high-cost areas. But federal estimates of family resources available for college (the EFCs) do not take into account geographic differences in cost of living, making them potentially unreliable for many low-income and middle-class Californians. For example, a family of four earning $90,000 in expensive areas of California faces far higher housing costs than a family of four in other parts of the country. At least one state has taken steps to address this flaw: for its state aid, Maryland uses an EFC that is adjusted based on regional cost of living differences.[11]

We recommend that CSAC analyze the question of adjustments to the federal EFC during Step 1, and implement a revised version of the EFC in Step 2 to use in determining state aid. One regional approach to consider is to use the "commuting zones," developed as an alternative

TABLE 1

Grant Aid at California's Public Institutions Currently Totals More Than $6.5 Billion

(dollars in millions)[2]

	University of California system	California State University system	California Community Colleges
Undergraduate enrollment (full-time equivalent)	220,000	360,000	800,000
Federal Pell Grants	$380	$960	$1,600
Cal Grants	$890	$610	$100
Institutional Aid[3]	$740	$600	$800

Note: Community college institutional aid includes BOG fee waiver. Source: U.S. Department of Education (Federal Student Aid, and the National Center for Education Statistics, California Legislative Analyst's Office, California Student Aid Commission, University of California Office of the President, California State University).

to political boundaries.[12] The regional difference in cost of living could easily be inserted into the appropriate place in the federal formula used to determine financial need.[13]

The revised EFC would not apply to federal aid, but developing and using a better approach for state aid establishes a foundation for a possible change at the federal level in a future reauthorization of the federal Higher Education Act.

Standardize Cost of Attendance Estimates

CSAC should establish a standardized methodology—one that takes regional cost of living differences into account—to determine the cost of attendance (COA). Doing so will ensure both that students receive aid that more consistently addresses the costs they face and that the new system does not create problematic incentives when schools set costs.[14]

There are currently wide variations in calculating student budgets by institution and sector. For example, the UC system accounts for housing and food costs that students incur when living at home with parents, recognizing that many students must still contribute to the household. The CSU system does not seem to account for those costs at all. Budgets for books and supplies also vary widely across institutions. It is an important role for CSAC, which should examine students' actual experiences, to make recommendations for improving the accuracy of the estimates, work with institutions to use new estimates, and oversee the implementation of these more standardized COA estimates across the public system.

One of the hazards of pegging a grant to a cost of attendance as defined by the institution is that it can encourage (or at least fail to discourage) institutions to offer or require costly components, such as expensive dorms or high-priced textbooks. Alternatively, institutions may lowball certain cost-of-attendance figures to make the college seem more affordable than it really is, if they are trying to meet affordability targets. Under a standardized approach, an institution that manages to keep dorm costs low would not have aid taken away from students; instead, CSAC's comparison tools would flag that the institution is more affordable than other institutions. Likewise, an institution that has instituted programs of free or low-cost textbooks or computers will be able to show that available aid goes farther than at schools with higher costs.

Depending on how cost of living is set, a more standardized system may also create unintended consequences for the ways in which students make decisions. For example, the new system should not structure cost of living budgets in a way that might discourage a student from economizing and living at home if they had planned to do so. CSAC would need to address those kinds of challenges in building the cost of attendance methodology. More detailed recommendations on how to do that are included in Appendix 7.

Step 3: Expand the Cal Grant to Reduce or Eliminate the Need for Loans

In Step 3, CSAC would analyze the changes to the EFC and cost of attendance and adjust further, if necessary. Meanwhile, we recommend that CSAC experiment with ways of providing for students' needs (see the Fund for Innovation in College Affordability below), leading to possible suggestions for altering approaches to aid in a particular segment or more broadly. Finally, based on an analysis of the gaps that remain in the system of financial aid, in Step 3, the legislature would provide the funding to reduce or eliminate the "loan and work expectation" in the system, providing a pathway to a degree with no or little debt for most students.

It is important to note that, even if the legislature provided enough funds to eliminate the calculated need for loans, loans would still be necessary in the system. Students may choose to borrow instead of working the hours assumed in self-help work expectations, and it may be difficult for some students, particularly in certain regions, to schedule the work hours needed or to find full-time work over the summer, for example. Students may choose a more expensive dorm or meal plan, or accept an unpaid summer internship rather than work to earn money for college expenses. And parents of dependent students may not be able or willing to fund

FIGURE 1

Many Low- and Middle-Income Californians Are Denied Cal Grants

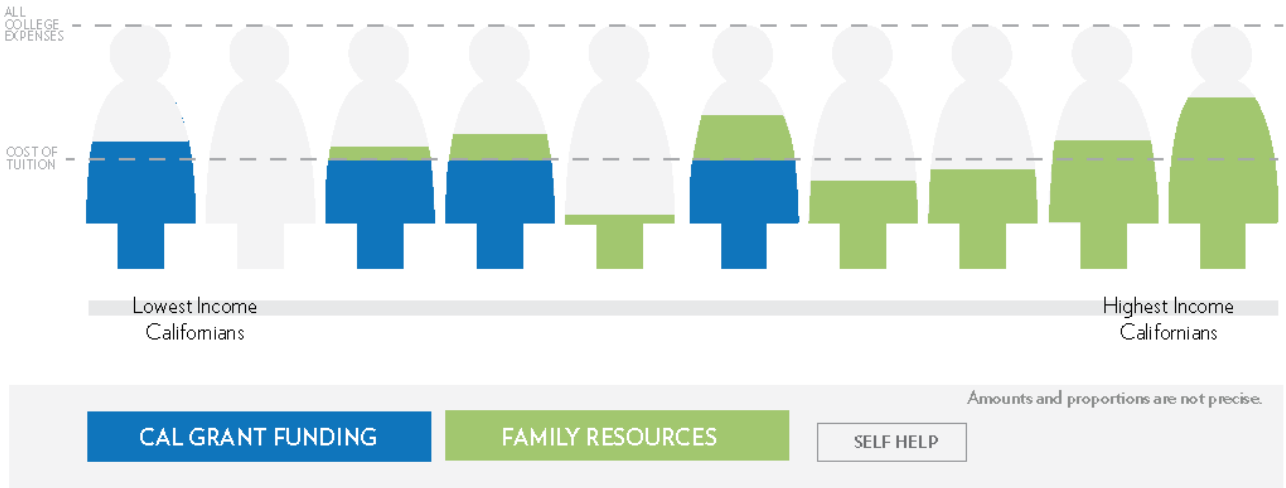


FIGURE 2

UC Often Provides Grants to Students Denied Cal Grants

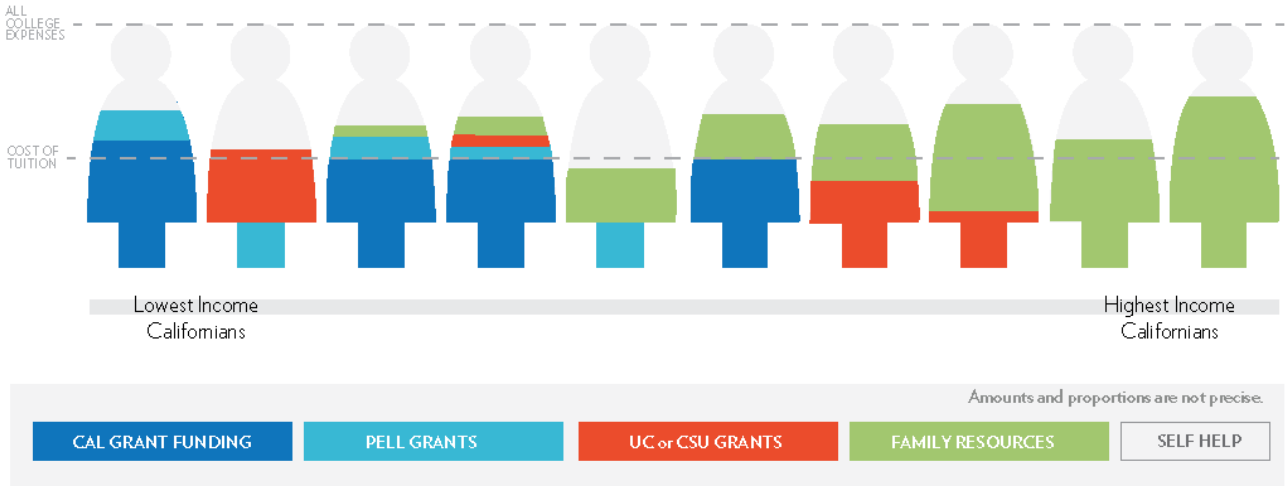


FIGURE 3

Under Step 1 the Cal Grant Would Be Provided More Broadly, with UC Aid as a Supplement

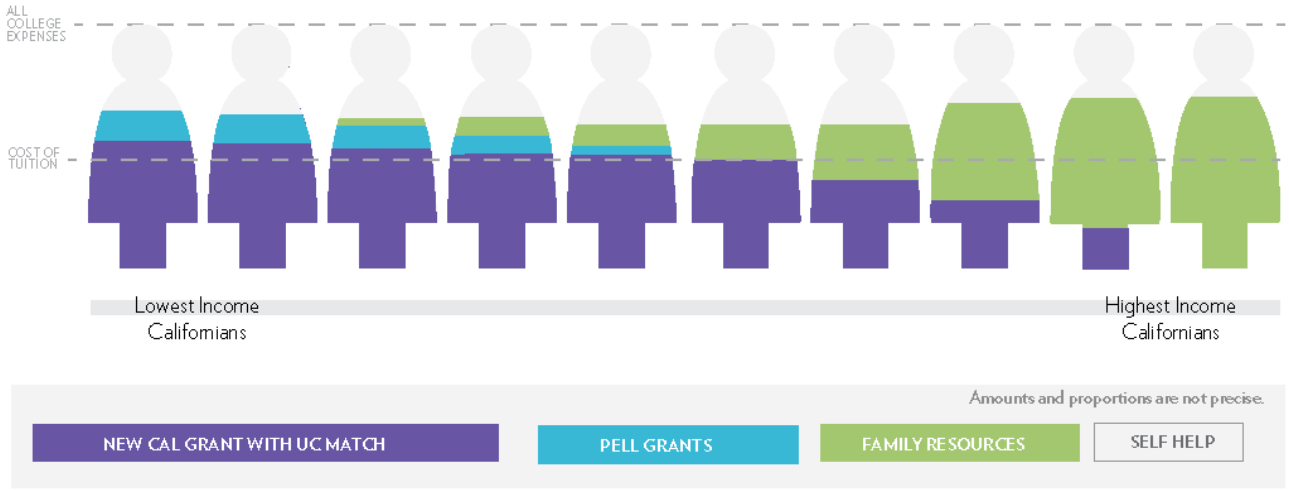


FIGURE 4

In Steps 2 and 3, Additional Funding Would Support More Non-Tuition Expenses

their full calculated EFCs. CSAC should consider playing a role in ensuring that the loans that students do take out are fair and manageable.

II. Spur Innovation and Support Quality Choices

While college affordability is about money, it is also about choices that colleges and students make. Nudging those choices in constructive directions may require CSAC and the legislature to take new approaches. Here we suggest some shifts to consider, and recommend creating the capacity to test innovative approaches.

Not Just Bachelor's Degrees!

Currently the Cal Grant is geared almost exclusively to four-year degrees, except for the very small Cal Grant C program. We recommend that the Cal Grant at community colleges allow and even encourage the completion of certificate and associate's degree programs, whether vocational or transfer-oriented. Furthermore, students who use a year or two of their Cal Grant eligibility for those programs should be able to claim the remainder of their four years of Cal Grants at a four-year college, whether or not that was their original intention.

Experiment with Innovative Approaches to Aid

Even as the legislature and CSAC pursue a phased approach to delinking the Cal Grant from tuition and connecting it to unmet need, and then updating the EFC and standardizing cost of attendance estimates, CSAC and schools should continue to pursue additional ways in which to bring down costs in the system and best serve low-income students. We recommend that during Step 1, the state make a large, nonrecurring investment in a Fund for Innovation in College Affordability. The fund would be used to test and evaluate creative approaches to providing aid to low-income or struggling students. These pilots are particularly needed at community colleges, but should not necessarily be restricted to that segment.

An important value of California community colleges—and one that the legislature should maintain—is their open, "ungated" design. They are for anyone who wants a formal learning opportunity, whether as part of a plan hatched in high school, the sudden result of a disruptive event such as losing a job, or a simple impulse to give college a try. But this open door policy often means that entering students have not completed all of the paperwork needed for aid. The state could use this fund to pilot various approaches to the challenge of walk-on students, such as first-term-first-day textbook programs for all students, free meals for the first month of classes, transportation buddy programs, and other initiatives.

As CSAC and campuses learn from these approaches over time, in Step 3, it may be appropriate to replace traditional aid approaches with different designs in some circumstances (for example, having arranged meals for community colleges at the beginning of the term, or pre-purchasing textbooks for common first-term classes).

Cal Grants at Private Colleges

We recommend that CSAC allow students to use these new Cal Grants at private colleges—as they currently do—but also recommend that CSAC ensure that the amount of the grant is not excessive, given the school's spending on student instruction.

Public vs. Private Institutions

At California's public institutions, the state has direct or indirect control over every aspect of the colleges' operations. There is an annual negotiation over funding levels, but ultimately, state administrators determine the number of California residents who will be served, the level of enrollment of low-income students, the level of core support provided through appropriations, the tuition to be charged, the Cal Grant that helps some students pay tuition, and the amounts and targets of institutional aid. For the most part, salaries and budgets are transparent, and virtually everything the institutions do is subject to a potential state audit.

In short, in the context of the public institutions, the chance of public debate about the colleges' spending decisions is high, but the hazard of the public purse being unwittingly taken advantage of is relatively low.

With institutions not operated directly or indirectly by the state, however, there is the potential for a third-party-payer problem: it is difficult for the payer to hold the institution accountable, leaving taxpayers and the students vulnerable. Should private colleges make any particular affordability commitment to students receiving state aid? Should highly selective institutions be expected to enroll a critical mass of low-income students, or community college transfers, to be eligible for state support? What level of quality should be expected for the state investment? We recommend that, at a minimum, the state attempt to address the latter question, assuring that a school is providing value for the money.

Strengthening Protections for California's Expanded Investment

The original purpose of the Cal Grant program included tapping the private nonprofit colleges at a time when the public four-year institutions did not have the space for every eligible Californian. Many colleges are serving exactly that role—and while a few outlier private colleges have very large endowments that they could use to support low-income students, most do not. At the same time, there is a wide range of variability in the return that the state is getting on their Cal Grant investment: while many colleges spend far more per student on instruction than they receive in Cal Grant funds, at some colleges, the Cal Grant exceeds the amount spent per student on instruction by more than a factor of two, suggesting that taxpayers may be overpaying. Expanding Cal Grant eligibility means an increase in the potential taxpayer cost and risks beyond the current system.

CSAC should continue to provide Cal Grants to students attending private nonprofit colleges, and set the maximum award based on the Cal Grant for UC (depending on how it is designed). In order to ensure that student aid dollars are going to the intended target—teaching and supporting students—the award amount should not be higher than an institution's average per-student spending on instruction. Institutions are already required to report those instructional cost numbers to the federal government.

CSAC could, over time, research and assess alternative protections for the state's investment. For example, CSAC could consider limiting Cal Grant usage at private colleges to those that have demonstrated that their tuition price is not based on aid availability.[15] A different approach could be to offer Cal Grants only to students who demonstrated enough academic preparedness that they were admitted to at least one CSU or UC, or demonstrated that they compared their options by applying to CSU or UC. This would, in effect, mean that the state would rely on public community colleges to serve as the state's open access institutions.

The Cal Grant is currently restricted to private colleges located in California. Opening up the program to colleges across the country would present a major oversight burden on CSAC, and would provide little added benefit in terms of the diversity of choices available to students. One possible exception, however, is HBCUs, which advisors told us are of particular interest to some African-American high school students. We suggest CSAC explore the idea of HBCU eligibility for Cal Grants in some circumstances, perhaps starting with transfer students.[16]

For-Profit Colleges and Similar Institutions

The financial restrictions and accountability requirements of public and nonprofit institutions have long been successful regulations in terms of preventing consumer abuses. The financial incentives that can drive for-profit institutions to become predatory are restrained at public and nonprofit institutions, where trustees cannot have a financial interest in the schools' profit margins, and revenues must be reinvested toward the school's educational or public-serving mission. Absent these restraints, enrollment at for-profit institutions, particularly when financed by third parties through government grants and loans, disproportionately leads to:[17]

+ **Decreased student earnings:** On average, students attending for-profit programs have a negative return to attending college, according to one study. And, those that were employed after leaving college earned less than if they had gotten a job and not enrolled.

+ **Growing debt balances:** Nearly three-quarters of students who borrowed federal loans to attend for-profit colleges owe more on their loans two years after leaving school than they did when they left, due to accrued interest and fees. Even among graduates, only 36 percent of federal student loan borrowers from for-profit colleges have made a dent in their debt three years after leaving college—half the rate of graduates from public or nonprofit colleges (71 and 74 percent, respectively).

+ **Unmanageable debt loads:** Federal standards measure whether the debt loads of career education program graduates are reasonable given their post-college earnings. Because they typically have higher costs and lead to lower graduate earnings, virtually all (98 percent) of the programs that fail this test are at for-profit colleges. (More than a third of the rated programs were offered by nonprofit or public institutions.)

+ **Loan default:** For-profit colleges account for one-third of federal student loan defaults, despite enrolling just 9 percent of students. Of students who borrowed at for-profit colleges in 2003–04, for example, more than half had defaulted during the twelve years that followed.

+ **Student deception:** Borrowers who have been misled, defrauded, or otherwise wronged by their college can petition to have their federal loans discharged. Former for-profit college students account for 99 percent of all such discharge applications.[18]

If there are reasons to risk tax dollars on institutions that choose to operate as for-profit entities, the current grant level and consumer protections should be maintained while the state considers additional provisions to ensure that students and taxpayers are receiving adequate value. Furthermore, if an institution claims to be nonprofit, CSAC should ensure that it is complying with the requirement that all revenue be dedicated to educational or charitable expenses, and no trustee or key employee is taking the equivalent of profits.

III. Provide Better and Earlier Information

We recommend that CSAC significantly scale its role in providing personalized, easy-to-understand information to students and families across California. Specifically, we recommend that CSAC modernize its website, make available information about aid personalized and easy to find and understand, and create the functionality to allow students to easily compare financial aid award letters. Doing so will complement changes in the aid program discussed earlier, but could have a significant effect on college-going across the state even without changes to the Cal Grant.

Background

Compared to other states, California does a commendable job of making college affordable. Tuition for in-state community college students is the lowest in the country, and is waived for almost half of students. Tuition is also relatively low in the nation's largest four-year public system, the California State University (CSU) system. Average tuition and fees at public master's universities across the nation are $8,670 in 2017–18. CSU charges about $6,600. Even at the University of California, with tuition and fees of about $14,000, compared with an average of $10,830 for public doctoral universities nationally, the combination of Cal Grant awards and institutional aid results in net prices and student loan debt levels that are below the national average.

Providing aid to needy students who have already made their decisions about where and how to enroll in college will reduce the need to work long hours and borrow, and can enhance the likelihood that students succeed. But a financial aid system has an important role to play before matriculation: to *influence* those decisions in the first place, by making it possible for students to enroll at the colleges

that best fit their needs and interests, to work less in college so that they can study more, to get the computer equipment and textbooks they need without delay, and not to be distracted by difficulties addressing basic needs, such as food or adequate housing.

Many students and parents dramatically overestimate the price of postsecondary education.[19] Showing them their estimated aid and net price and helping them apply for aid makes them more likely to complete the aid application process for aid and enroll in college.[20]

The college expenses that a family will face should not be a mystery that is revealed months after the college application deadlines and only days before they have to make decisions. Families, especially those of limited means, need reliable information, personalized to their financial situations, at least as early as a child's junior year in high school, and ideally even earlier. Adults without a college degree, too, need to be able to get information about aid without relying on recruiters who may not always have the students' best interests in mind.

Create a User-Friendly Website

We recommend CSAC update its website to make more personalized and complete information a prominent feature. As possible models, the financial aid agencies of Ontario, Canada,[21] and Oregon[22] are noteworthy for their simplicity, thoroughness, and usability. These websites also allow users to easily create good estimates of expected financial aid and total price of attendance before and after aid and direct them to apply for aid. The home page of the Ontario Student Assistance Program features a questionnaire that quickly estimates financial aid and net price of attendance after users enter seven elements of information: high school graduation year, marital status, number of children, approximate parental income, institution type, year expected to start postsecondary education, and whether the student will live at home with a parent (see Figure 5). In addition to these estimates, the website displays a link to apply for financial aid.

The Ontario calculator has a list of incomes to choose from in wide bands (though each is represented by a single number), so users do not need to know the precise amount. To illustrate, Figure 6 shows the initial financial aid and net price estimate that appears if users identify as a current high school senior (the default option) with a parental income around $50,000 (Canadian), planning to attend a university (as opposed to a college or private career college). This estimate appears after users enters only two pieces of information. The values adjust if and when users select other options, such as a different school year or living arrangement.

Figure 7 shows the results of a "precise estimate" for a dependent student with an income of $55,000 planning to attend McMaster University as a freshman in computer science. The functionality is similar to the net price calculators provided by most U.S. institutions as required by the Higher Education Opportunity Act of 2008.[23] In the Ontario case, however, the calculator is provided by a government agency that allows users to generate estimates for multiple institutions from the same website, whereas users in the United States must visit individual institutions' websites or perhaps use a third-party service that aggregates estimates across multiple institutions.[24]

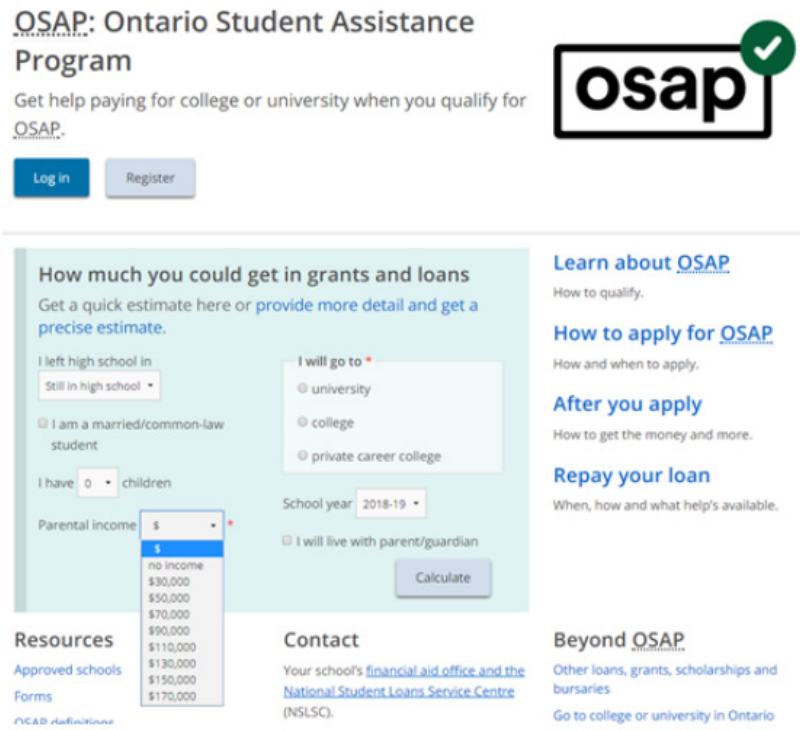
In addition to making CSAC's website more user-friendly, there needs to be more coordination across state agencies in terms of information about college options and financial aid. Figure 8 shows a website launched recently by the California state agency that assists students who have been the victims of predatory postsecondary schools. With links for "student assistance" and "researching colleges," it could easily be confused as the place to go for information about college options in the state and how to pay for them.

Make Estimates and Comparisons Easier

California should go further than Ontario in the college price and aid information it makes available to its residents. First, the state should develop a partnership with the California Franchise Tax Board, working with them to add a simple check-box to the state income tax form requesting a financial aid estimate for a child or for an adult. Just with the information available to the state on the income tax form, CSAC would be able to produce a fairly precise financial aid estimate for most families in the state.

FIGURE 5

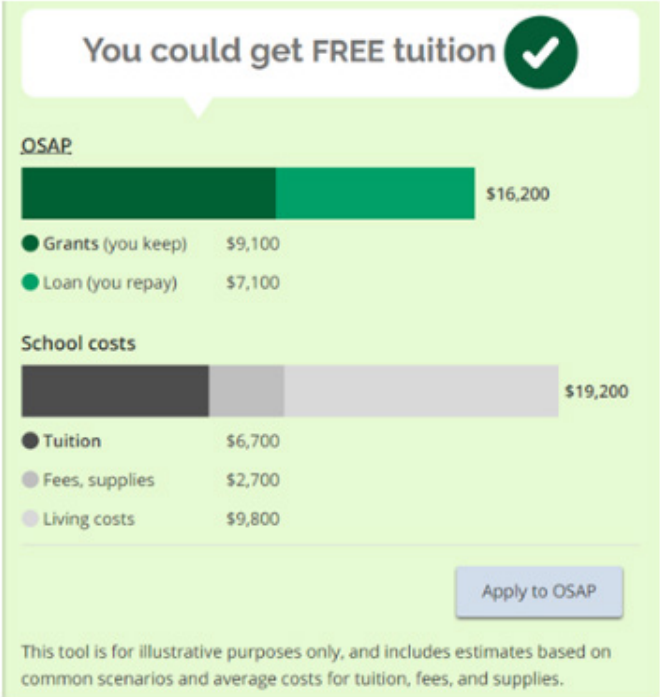
Ontario Student Assistance Program Home Page (partial screenshot)



Source: Ontario Student Assistance Program (2018). Retrieved January 26, 2018, from https://www.ontario.ca/page/osap-ontario-student-assistance-program.

FIGURE 6

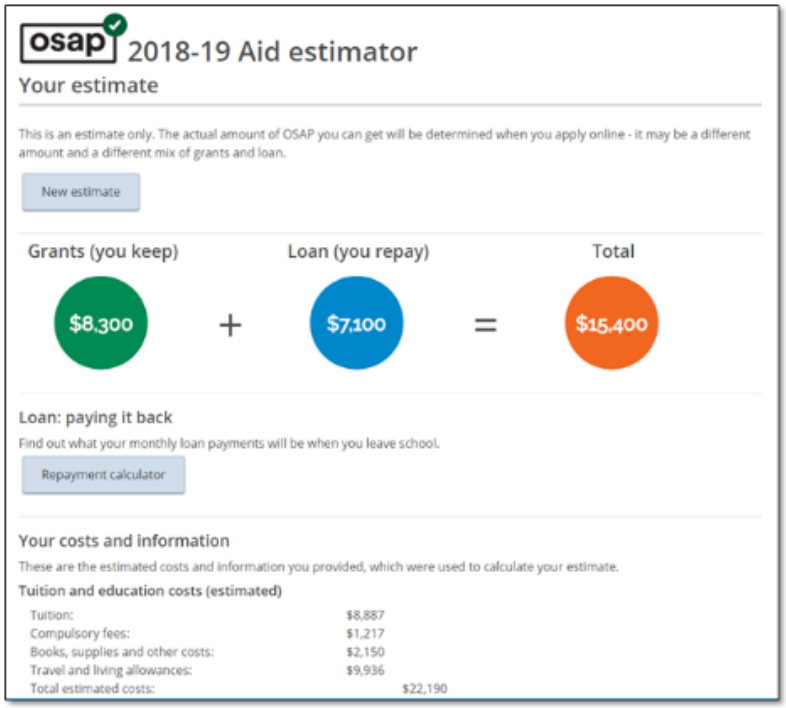
Ontario Student Assistance Program Initial Financial Aid Estimate (partial screenshot)



Source: Ontario Student Assistance Program (2018). Retrieved January 27, 2018, from https://www.ontario.ca/page/osap-ontario-student-assistance-program.

FIGURE 7

Ontario Student Assistance Program Precise Financial Aid Estimate (partial screenshot)



Source: Ontario Student Assistance Program (2018). Retrieved January 27, 2018, from https://www.ontario.ca/page/osap-ontario-student-assistance-program.

FIGURE 8

A Website Operated by California's Bureau for Private Postsecondary Education Could Easily Be Confused for CSAC

Source: Office of Student Assistance and Relief, http://www.osar.bppe.ca.gov/.

FIGURE 9

A Mock California Income Tax Form 540 Showing a Request for Personalized Information about Paying for College

TAXABLE YEAR FORM

2017 California Resident Income Tax Return 540

116 Please use the information regarding my income to provide me with information on how to pay for college:

☐ For myself or spouse

☐ For a dependent

Second, CSAC should also provide estimates for multiple sample institutions, such as a nearby community college, a CSU campus, a UC, and, if possible, a private nonprofit college. Our research showed that many low-income families do not know, or do not believe, that tuition costs at four-year colleges, after aid, may be as low as those at community colleges. Estimates could even include information about certificate programs below the baccalaureate level, particularly relevant for adults already in the workforce.

Providing personalized, comparative aid estimates can help to expand the options that low-income families consider. The information must be provided early, though, so that the students do not miss required courses or admissions application deadlines.

Improve and Compare Financial Aid Award Letters

CSAC should use this improved web presence to allow students to compare aid awards across institutions. Award letters are often difficult to decipher and compare; at times, different schools might call the same grant by different names, or even make it hard for students to determine which award is a grant and which is a loan. CSAC should consider building the functionality within its web portal that would require schools to enter their aid award information into a predetermined format in order to participate in the Cal Grant program. Students could then login into their personal CSAC page to easily compare aid awards. Doing so would also allow CSAC to analyze aid data over time and better understand which students face gaps within sectors across the state.

Follow Up with Assistance and Advising

CSAC can do more than provide information about colleges, aid, and prices by supporting students through the aid application and enrollment processes. As increasing amounts of information about individual institutions and programs become available online, students need more than just better information: they need guidance in choosing appropriate paths given their goals, academic preparation, and circumstances. But many institutions, particularly public high schools, are insufficiently staffed to provide such support, with student-to-counselor ratios as high as 1,500-to-1.[25]

Evidence is mounting that simple, low-to-modest-cost coaching interventions that reach out to students during the summer after high school and throughout the first year of college can have substantial effects on enrollment

and persistence. For example, a series of randomized experiments found that text messaging, peer mentoring, and proactive outreach were all successful at reducing "summer melt"—students who secure enrollment but never show up—with costs of no more than $200 per student served. While personalized services would be more expensive, existing research suggests the impact may justify the cost.[27]

Prior to enrollment, coaching services may help students interpret aid award letters and prioritize tasks and paperwork required to complete the enrollment process.[28]

CSAC should pilot low-cost initiatives to identify successful interventions, starting with a focus on students likely to have the greatest financial need, as identified through CSAC's partnership with the state Franchise Tax Board.

Encourage and Facilitate Saving for College

Helping a low-income family with young children to open a college savings account can be an effective way of encouraging the parents to assume that college is in the child's future, and to start setting aside money so that it can grow with interest. The San Francisco Unified School District puts $50 into an account for every kindergartner, and similar programs are being considered in other cities.[29] There is still much to learn about the potential impact and optimal design of these types of programs. CSAC should partner with these efforts to provide useful information about college costs and aid, and to identify and test ways to inform college plans in the years between kindergarten and the senior year of high school.[30]

Low-income families should not be the only targets of college-savings efforts. Middle- and higher-income families frequently feel the squeeze of college costs and realize they should have saved more during the prior decade. And low-income families do not have much disposable income to draw on for savings, while higher income families do. By encouraging saving by higher income families CSAC would be helping to address college affordability challenges well into the future. At a minimum, information could be provided through the partnership with the Franchise Tax Board.

Notes

1 More than a third of California community college students live at home with a parent, though many of those students still have substantial expenses and may be expected to help support the household. One-third figure based on an analysis of the data from NPSAS 2007-8: 35 percent of California community college student lived at home with a parent. NPSAS:08 results (translating to about 699,000 out of 2,018,000 students that year).

2 Pell Grant figures are totals from U.S. Department of Education school data for 2015–16 (California for-profit colleges receive $575 million and nonprofits $250 million). Cal Grant data are from CSAC for 2017–18; an additional $230 million goes to private colleges. FTES enrollment figures are from UCOP and CSU reports and, for the community colleges, the National Center for Education Statistics (https://nces.ed.gov/programs/digest/d16/tables/dt16_307.20.asp).

3 "Creating a Debt-Free College Program," Legislative Analyst Office, January 31, 2017, http://www.lao.ca.gov/Publications/Report/3540. Figures are for the UC Grant (at UC); State University Grant (at CSU); and the Promise (BOG waiver) and Success/Completion grants at the community colleges.

4 Technically, we are recommending that grant levels be based on a student "self-help" (work and/or loan) expectation that is equal to their cost of attendance minus the parent portion of their EFC (or the EFC itself for independent students). If the student contribution portion of the EFC is higher than the self-help expectation, then the self-help is increased to the student contribution.

5 Sara Goldrick-Rab and Nancy Kendall, "The Real Price of College," The Century Foundation, March 3, 2016, https://tcf.org/content/report/the-real-price-of-college/.

6 Of Pell recipients at California institutions, the community colleges account for 47 percent; CSU 22 percent; UC 8 percent; nonprofit colleges 6 percent; and for-profit schools 16 percent, according to our analysis of U.S. Department of Education data. The community colleges have a student headcount of 2.1 million, compared to 755,000 for UC and CSU combined. "Table 308.10. Total 12-month enrollment in degree-granting postsecondary institutions, by control and level of institution and state or jurisdiction: 2013–14 and 2014–15," National Center for Education Statistics, https://nces.ed.gov/programs/digest/d16/tables/dt16_308.10.asp?current=yes.

7 Based on the assumption of working fifteen hours a week during the school year, and summer earnings or a subsidized loan of $3,500.

8 If funding is available, eligibility should be extended, especially for students starting at a community college. The limit of two years at community colleges is to prevent students from accidentally using too much of their eligibility prior to transferring.

9 Competitive Cal Grants are currently not available to Dreamers. By expanding the Cal Grant to all eligible students, Dreamers would be able to receive the aid also.

10 The grant would be set as follows:

Cal Grant = COA - revised EFC(PC) - Pell (if any) - specified self-help expectation

The approach automatically results in a phase-out as incomes increase, preventing any cliff effects. The formula would look the same across public segments.The target would likely be consistent across the segments, although it could make sense to have lower loan expectations at less selective institutions. If funds are not adequate to reach "affordability" then the target should be set at a dollar amount above that level (not a proportion).

11 Maryland Higher Education Commission. (n.d.) *Howard P. Rawlings Educational Assistance (EA) Grant*. Retrieved January 26, 2018, from http://mhec.maryland.gov/Preparing/Pages/FinancialAid/ProgramDescriptions/prog_ea.aspx.

12 See "Commuting Zones and Labor Market Areas," United States Department of Agriculture Economic Research Service, https://www.ers.usda.gov/data-products/commuting-zones-and-labor-market-areas/.

13 The "Income Protection Allowance" and associated tables could be adjusted. Alternatively, EFCs could be reduced by a particular dollar amount.

14 See the relevant appendix for a more detailed discussion of this issue.

15 Under this approach, tuition above a particular level would need to be market-validated: there would need to be students, employers, or private scholarship programs paying the tuition price without federal grants and student loans, veterans benefits, the Cal Grant, or a discount from the institution.

16 The aid program in Washington, D.C., includes a specific allowance for HBCUs. See "DCTAG Participating Colleges and Universities," Office of the State Superintendent of Education, Washington, D.C., https://osse.dc.gov/dctag/

participating-colleges-universities.

17 List is adapted from "Encouraging Innovation & Preventing Abuse in For-Profit Higher Education: A 2018 Toolkit for State Policy Makers," The Century Foundation and The Institute for College Access & Success, December 13, 2017. Sources in footnotes.

18 Yan Cao and Tariq Habash, "College Complaints Unmasked: 99 Percent of Student Fraud Claims Concern For-Profit Colleges," The Century Foundation, November 8, 2017, https://tcf.org/content/report/college-complaints-unmasked/. Of the 15,632 complaints regarding California schools, 15,521 concerned for-profit schools.

19 L. J. Horn, X. Chen, and C. Chapman, "Getting ready to pay for college: What students and their parents know about the cost of college tuition and what they are doing to find out," NCES 2003-030, National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education, 2003.

20 E. P. Bettinger, B. T. Long, P. Oreopoulos, and L. Sanbonmatsu, "The role of application assistance and information in college decisions: Results from the H&R Block FAFSA experiment," *Quarterly Journal of Economics* 127, no. 3 (2012): 1205–42.

21 See the website of the Ontario Student Assistance Program, https://www.ontario.ca/page/osap-ontario-student-assistance-program.

22 See the website of Oregon's Higher Education Coordinating Commission, Office of Student Access and Completion, https://oregonstudentaid.gov.

23 P.L. 110-315, 122 Stat. 3078.

24 S. Jaschik, "The value of simplicity in estimating student aid," *Inside Higher Ed*, August 21, 2017, https://www.insidehighered.com/admissions/article/2017/08/21/tools-are-less-detailed-most-colleges-aid-calculators-are-gathering.

25 Eric Bettinger, Angela Boatman, and Bridget Long,"Student Supports: Developmental Education and Other Academic Programs," *Future of Children* 23, no. 1 (2013): 93–116.

26 Benjamin Castleman, Lindsay Page, and Korynn Schooley "The Forgotten Summer: Does the Offer of College Counseling the Summer After High School Mitigate Attrition Among College-Intending Low-Income High School Graduates?" *Journal of Policy Analysis and Management* 33, no. 2 (Spring 2014): 320–44.

27 Eric Bettinger and Rachel Baker, "The Effects of Student Coaching in College: An Evaluation of a Randomized Experiment in Student Mentoring," NBER Working Paper 16881, National Bureau of Economic Research, http://www.nber.org/papers/w16881.pdf.

28 Based on a proposal for federal support of Pell grant recipients found in Judith Scott-Clayton and Sandy Baum, "Redesigning the Pell Grant Program for the Twenty-First Century," Policy Brief 2013-04, The Hamilton Project, 2013.

29 Information about San Francisco's program is available at https://sfgov.org/ofe/k2c.

30 Useful resources on this topic include "Children's Savings Accounts: A Primer," Asset Funders Network, https://assetfunders.org/wp-content/uploads/Childrens_Savings_Accounts_Primer_Brief.pdf; "Scholarly Research on Children's Savings," Corporation for Enterprise Development, August 2016, https://prosperitynow.org/files/resources/CSA_research_fact_file_08-2016.pdf; and "Invest in Every Child's Future with Prosperity Savings Accounts," Prosperity Now, August 2017, https://prosperitynow.org/files/PDFs/08-2017_CSAs_101_FAQ.pdf.

THE CENTURY FOUNDATION

Expanding Opportunity, Reducing Debt

Reforming California Student Aid

APPENDICES

APRIL 2018 — THE CENTURY FOUNDATION
ROBERT SHIREMAN, SANDY BAUM, AND JENNIFER MISHORY

APPENDIX 1

Fiscal Analysis

As a part of our recommendations, we worked with CSAC, institutions, and RTI International to analyze the cost of our proposals. However, the challenges in obtaining data limited our options for crafting those estimates. We can begin to understand likely cost drivers and ascertain imprecise ranges, but cannot provide reliable cost estimates for all aspects of our recommendations.

Background on Data Constraints

A reliable estimate of the costs of a change in financial aid policy is best conducted with a database that includes all students who applied for financial aid (with information regarding income, assets, and dependency status), where they were actually admitted to college and enrolled, their enrollment status (such as part time versus full time), year in school, and their living situation as a student.

CSAC has information regarding every Californian who has applied for financial aid and anyone outside of California who applied to a California school. However, CSAC does not have data on whether or where any Californian has applied, or been admitted, or decided to attend, except for students who are ultimately awarded a Cal Grant. CSAC does know which schools that a financial aid applicant listed on the FAFSA. For some data analysis purposes, CSAC can infer that a student's intention is to attend the school listed first on the FAFSA. This approach is imprecise, though, since CSAC does not know whether the applicant applied, was admitted, or chose to attend that institution.

To get an impression of the effects of different Cal Grant criteria on student eligibility, we asked CSAC to separate FAFSA filers by first-time filers and others, and to allocate each to the segment that they had listed first on the FAFSA. Those data were separated into various categories of income, assets and EFC, as well as high school GPA or community college GPA, if relevant. Based on those data, we are able to get a sense of the effects of some of the current provisions limiting Cal Grant eligibility.

GPA cutoffs

The data indicate that impact of the GPA cutoffs is relatively small. The larger impacts may be for students whose GPA data fails to match with their FAFSA data.

- Out of 86,266 applicants income-eligible for a Cal Grant A and aiming to attend UC or CSU, *only one* had a GPA below 2.0, meaning they would not have been eligible for

either the Cal Grant B or A. The Cal Grant A's 3.0 GPA requirement affected under 10 percent of the UC-intending students, and about two out of five CSU-intending students. At both UC and CSU, a large proportion of those students with GPAs between 2.0 and 3.0 were low income and likely qualified for Cal Grant B using the 2.0 GPA cutoff.[1]

- At the community colleges, of the 66,504 applicants income-eligible for the Cal Grant B, less than 2 percent were ineligible due to the GPA requirement.
- Of the 16,883 income-eligible for a Cal Grant A and aiming to attend a nonprofit/WASC institution, a fourth were not eligible due to their GPA; most of those were poor and likely eligible for Cal Grant B.[2]
- Of the 1,265 applicants income-eligible for a Cal Grant A and intending to enroll at other for-profit institutions, three-fourths had a GPA below 3.0. Most of those likely qualified for Cal Grant B.[3] Of those income-eligible for Cal Grant B, 9 percent had an ineligible GPA.

In addition to the high school GPA requirement, there is a community college GPA requirement of 2.0 or 3.0 in order for applicants to qualify for the Transfer Entitlement Cal Grant B or A. The patterns by segment are similar to the high school grades. Perhaps more significant, though, are the large numbers of applicants who appeared to be eligible for a transfer entitlement award but for whom no match was identified between the FAFSA data that CSAC has and the GPA data provided by the community colleges.[4]

Asset cutoffs

The Cal Grant uses a combination of income and asset cutoffs, depending on family size, to determine whether a student is eligible for a Cal Grant or not (with the figures varying depending on whether it is Cal Grant A or B, except independent students which have the same cutoffs). The federal EFC also considers income, assets, and family size, as well as other factors. But rather than discrete cutoffs, the EFC is an index that attempts to balance the various factors.

Data from CSAC indicate that among FAFSA filers who are income-eligible for the Cal Grant or Middle Class Scholarship, the asset cutoffs do not have a dramatic impact on eligibility for the Cal Grant or Middle Class Scholarship. (Some families may have been deterred from filing a FAFSA because of the cutoffs; those numbers are not known.)

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[1] At CSU and UC, 85 and 84 percent, respectively, of those ineligible for the Cal Grant A based on their GPA had EFCs below $3,000.
[2] 78 percent had an EFC below $3,000.
[3] 81 percent had an EFC below $3,000.
[4] It appears that a match is found only about half the time, though more analysis is needed to determine how meaningful the numbers are, since CSAC does not have enrollment records.

Aid applicants ineligible due to the asset cutoffs (recent high school graduates)

	Cal Grant A	Cal Grant B	MCS
UC-intending	6%	3%	5%
CSU-intending	2%	1%	0%
CCC-intending	2%	1%	
Nonprofit/WASC	6%	3%	
Other private	1%	0%	

The data are similar for potential transfer entitlement students, except at UC where about 12 percent are ineligible due to the Cal Grant A asset ceilings.

Shifting to use of the EFC means that some students who were ineligible due to income or assets will become eligible for the Cal Grant, while some who would have been eligible will no longer be eligible. We did not have enough data or time to analyze the number of students who might fit each category.

Other eligibility restrictions

Based on the analysis of the effects of the asset and GPA cutoffs, it appears that the bulk of California residents who are enrolling in college and are needy but not receiving a Cal Grant are ineligible due to the restriction limiting the entitlement to recent high school graduates, age of transfers, and complications in matching GPAs (especially for transfer students). Determining the number of students now enrolling in college who would be eligible if these restrictions were relaxed requires student enrollment data that were not available to CSAC or to us.

Costs of the Step 1 recommendations

Without student-level data available, our subcontractor aggregated UC, CSU and national data to estimate institutional grants, Cal Grants, total grant aid, EFC and enrollment by dependency status and family income for each of the California public segments. Based on that analysis, they provided estimated costs of the Step 1 spread-and-stack proposal—broadening Cal Grant eligibility, and relying on the combination of the Cal Grant and institutional aid at UC and CSU to address need up to the affordability target.

For UC, the analysis suggested that the current combination of Cal Grants and institutional aid is sufficient to meet the affordability targets. This makes sense, since our proposal for Step 1 essentially adopts the current UC policy of providing the institutional aid necessary to bring students to a self-level of no more than $11,000, considering the parent contribution portion of the EFC along with Pell Grants and other grant aid. UCOP has affirmed this logic based on prior year figures (which would need to be adjusted given changing tuition and demographics).

The CSU analysis initially indicated a cost of about $19 million. This amount seemed low given that the CSU institutional aid policy is focused on tuition and not on cost of attendance, and does

not extend as high up the income scale as UC. A further analysis considered the possibility that the model might not be adequately considering student-level differences within the amounts that were averaged in income bands. Adjusting for this possibility yielded an estimate of $425 million. The average of these two estimates lands at e at $222 million, but leaves us with a large reliability range, not ready for policy decisions. With the time available, the CSU system office was not able to provide us with any opinion regarding the potential cost of the Step 1 policy.

The analysis of the community colleges yielded a figure of $1.5 billion, but was similarly based on inadequate data and is based off of a wide range. One complication that mostly affects the community college estimate is the treatment of students who are attending less than full time. The analysis we used combined all students into full-time equivalents. Under our proposal, however, students who are attending less than half time would not be eligible, and those attending half or three-quarters time would receive lower awards. The LAO-designed debt-free college proposal was similar in design to our proposal for the community colleges, and yielded a cost estimate of $2.2 billion.[5] The difference might be partly a result of the LAO's somewhat lower self-help expectation. But other figures are not matching up. For example, the LAO's cost estimate limiting aid to just full-time students at the community colleges was only $500 million. Enrollment figures from CCCCO indicate that almost 60 percent of all FTE students are accounted for by full-time students.[6] If providing grant aid for those students costs $500 million, then one might estimate the addition of the the half- and three-quarters time students as costing no more than an additional $350 million. We ran out of time to investigate the discrepancies further.

It is clear that the largest needs are at the community colleges. A previous analysis by the Institute for College Access and Success, based on data provided on applicants for competitive Cal Grants in 2014 that were denied due to shortages in funding, showed that over 309,000 students were apparently eligible and considered for Competitive awards (in other words, met income eligibility and GPA requirements but did not qualify for other reasons such as age).[7] The state only funds about 26,000 competitive awards.

We were not able to estimate costs of the changes for the private institutions. As noted in the report, the state's ability to influence and predict the actions of the segment is more limited, so there is greater hazard of strategic responses that could increase state costs. We advise the state to take more cautious step to prevent any unintended budgetary consequences of changes to institutional or student eligibility.

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[5] Legislative Analyst's Office, "Create a Debt-free College Program," http://www.lao.ca.gov/Publications/Report/3540.

[6] CCCCO student counts by number of units taken for Fall 2017 show about 888,000 full-time equivalent students, with almost 500,000 attending full-time, 124,000 FTES of less-than-half-time students, and 349,000 FTES of students attending at least half time but less than full time.

[7] https://ticas.org/sites/default/files/pub_files/ticas_competitive_cal_grant_modeling_memo_0.pdf.

As is evident from the wide range of potential costs, using federal level data is a weak substitute for student-level data and yields highly imprecise estimates. CSAC or the Legislative Analyst's Office should seek student-level data from the segments for purposes of developing more reliable estimates.

Finally, since the goal of financial aid is to encourage people to consider college and to enroll, or to enroll full-time instead of part-time, the broader availability of the Cal Grant could incent additional enrollment of low-income students, adding to Cal Grant costs and the need for more institutional aid. In the public segments, the size of any increase would be constrained by the fact that there is a limit to how much California resident enrollment can grow at the institutions with existing public funding, since net tuition is not enough to finance marginal costs.

APPENDIX 2

Communications Plan

Understanding the differences in the multiple state aid programs, their eligibility requirements and award levels, and how they all fit together is difficult even for experts in California student aid; there is little doubt that the programs' complexity creates significant barriers to students applying for college and to enrolling. CSAC has already launched several important initiatives to try to minimize those challenges. Consolidating state aid programs should remove more of those barriers and, importantly, provide CSAC with an opportunity to breathe new life into a statewide, college-going culture. CSAC should use this moment to launch a sustained public communications initiative to ensure that all Californians understand their student aid options; revamp its online presence to provide usable personalized information to students and families; and use outreach interventions informed by research in behavioral economics. CSAC can begin scaling up its communications efforts immediately, even as the legislature considers program reforms.

RECOMMENDATION 1: Leverage the spotlight and launch a statewide marketing campaign to highlight CalGrant 2.0.

If California takes on *Expanding Opportunity, Reducing Debt,* CSAC and partners will have a unique moment in time to leverage the spotlight on student aid and college choices.

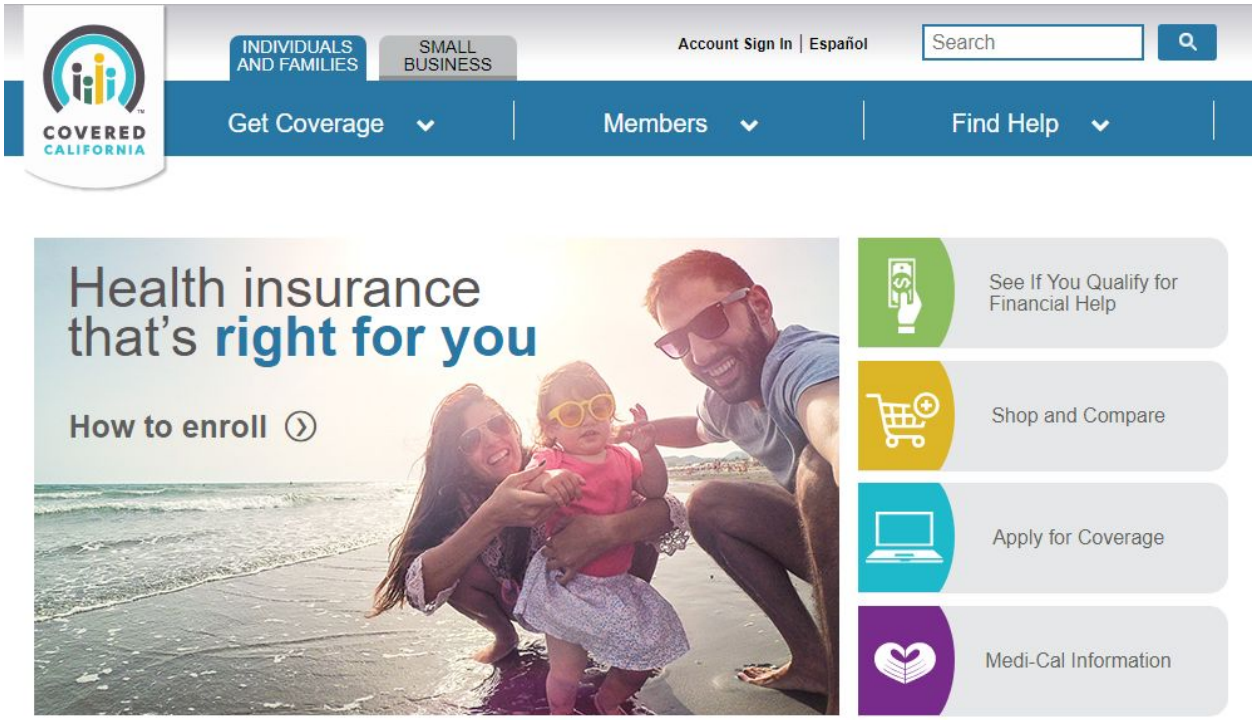
What We Know

Research shows that misperceptions about colleges costs are common, and that low-income students often have the least information.[1] In 2011-12, 31 percent of independent students in the U.S. did not apply for federal aid. Among dependent students, 10 percent of those whose parental income was below $25,000 and 21 percent of those from families with incomes between $25,000 and $50,000 did not apply.[2] Many low-income and first-generation students who would qualify for admission to selective institutions never even apply, and many potential college students are unaware of the availability of financial aid and believe that the published sticker price of tuition is what they will have to pay if they attend.[3] As a result, they do not investigate their options. Surveys show that that students turn to parents, friends, and counselors or teachers as they make educational decisions.[4] Yet friends and family may struggle to fully grasp the system, and guidance counselors at high schools serving low-income students generally have high caseloads and little time or training for college advising. Few states provide the resources

[1] Lindsay Page and Judith Scott-Clayton, "Improving College Access in the United States: Barriers and Policy Responses," National Bureau of Economic Research, http://www.nber.org/papers/w21781.pdf, 7.
[2] National Center for Education Statistics, National Postsecondary Student Aid Study 201, Power Stats, author calculations.
[3] Caroline Hoxby and Christopher Avery, "The Missing 'One-Offs': The Hidden Supply of High-Achieving, Low-Income Students," *Brookings Papers on Economic Activity* 46, no. 1 (2013): 1–65.
[4] "Report on the Economic Well-being of U.S. Households in 2016," Board of Governors of the Federal Reserve System, 2017, https://www.federalreserve.gov/publications/files/2016-report-economic-well-being-us-households-201705.pdf.

necessary to ensure that all families have the tools they need to make informed choices. Below we detail two models that provide lessons learned for CSAC to build on in crafting an ambitious communications plan.

Model 1: When Tennessee launched its statewide Tennessee Promise program, it used the moment to launch outreach to ensure that students filled out the FAFSA (also critical to ensuring that students could take advantage of the program). The Tennessee Higher Education Commission also used weekly data analysis to determine which localities had the lowest FAFSA completion rates and directed resources, such as workshops and one-on-one advising, to those locations in real-time.[5] The campaign has been successful: Tennessee now has the highest FAFSA completion rate in the country.[6]



Model 2: The experience of Covered California, the state's online health insurance marketplace, provides relevant lessons in communicating complicated decisions to low- and moderate-income residents. In 2013, California launched Covered California to provide a competitive marketplace where low- and moderate-income consumers can buy plans and receive large discounts; consumers cannot receive those discounts if they purchase plans off the marketplace, giving insurers a large incentive to participate. To make it a success, Covered California spent over

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[5]Adam Tamburin, "How Tennessee Plans to Use its Winning FAFSA Strategy to Boost College Graduation Rates," *Tennessean*, https://www.tennessean.com/story/news/education/2017/07/25/how-tennessee-plans-use-its-winning-fafsa-strategy-boost-college-graduation-rates/503655001/.

[6] Tennessee increased its FAFSA completion rate from about 60 percent in 2014 to about 70 percent in 2016. Tennessee Promise Annual Report, 2017, https://www.tn.gov/content/dam/tn/thec/bureau/research/promise/2017_TN_Promise_Report.pdf. This compares to California's FAFSA completion rate of 59 percent in 2016. Education Trust West, "FAFSA and Cal Grant Application Rates," http://financialaid.edtrustwest.org/.

$100 million per year to run paid ads, an earned media campaign, and community outreach efforts.[7] They researched their target audiences to understand their motivations, demographics, and even the sectors where they are mostly likely to work.[8] Doing so allowed them to tailor messages, digital platform usage, and in-person outreach. The results have rolled in. Covered California has 1.4 million enrollees each year making the complex decision to purchase insurance. Their overall take-up rate was higher than in states without these extensive marketing efforts, and they also brought in more of their "target" consumers.

What CSAC Can Do

We recommend that CSAC significantly scale its outreach and communications capacity and incorporate lessons learned from other models. Specifically, CSAC should:

- Use the California Cal Grant revamp moment and the Covered California blueprint to launch a large, research-driven annual communications campaign to improve FAFSA completion rates and send students to CSAC's new website to learn about how they can afford college. This campaign should include marketing (large paid media buys), with a scaled social presence on a range of platforms to reach target communities, community outreach through a larger Cal-SOAP program, and earned media during key decision times of the year.
- Use real-time data to target resources throughout the year to non-high-income districts with low FAFSA completion rates or with the fewest localized resources.
- Calculate and use easy-to-understand affordability benchmarks that send a clear message to potential aid recipients. For example, if all families under a certain dollar figure should expect at least free tuition, use those clearly understandable benchmarks in marketing. The UC system already uses this benchmark through its Blue and Gold guarantee.
- Continue scaled-up outreach beyond the first year, tracking and evaluating the impact of outreach strategies, and using data to inform adjustments in future years. Fund annual outreach at scale by using a funding mechanism similar to that employed by the Covered California insurance marketplace: a fee for institutional participation. A per-Cal-Grant-recipient fee charged to all private colleges that receive Cal Grant dollars should, combined with state appropriations, provide enough to support the web portal and annual outreach.

RECOMMENDATION 2: Provide students with personalized, early information through CSAC's revamped online presence.

Making data available to students is important, but in order to have a real impact, the data must be actively communicated and personalized enough to speak to individual circumstances.

What We Know

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[7] Peter Lee, Vishaal Pegany, James Scullary, and Colleen Stevens. "Marketing Matters," Covered California, September 2017, http://hbex.coveredca.com/data-research/library/CoveredCA_Marketing_Matters_9-17.pdf.
[8] "Marketing, Outreach, and Enrollment Assistance Stakeholder Working Group," http://hbex.coveredca.com/stakeholders/Marketing-Outreach-Enrollment/PDFs/Background_Reading.pdf.

Since 2011, Congress has required every college to post a net price calculator on its website, providing an estimate of how much students in different circumstances would be likely to pay for a year at that institution, after taking grant aid into consideration. In addition, the federal government has long had a College Navigator website with detailed information about the prices, enrollment, graduation rates, financial aid, and more,[9] and it recently developed a site that added information about post-college earnings.[10] But even detailed information on financial aid made available on websites may not be sufficient to support informed student choices. The individuals most in need of this information don't know about it, don't seek it out,[11] and may need help understanding how that information applies to their specific circumstances. Low-income students are unlikely to be aware that, because of differences in financial aid, they may pay more at Cal State or even at a community college than at the University of California.[12]

Experimental evidence confirms the importance of customizing information for individual students and of direct contact with and assistance from advisors. An experiment in which students and families received assistance with filling out financial aid applications at their local H&R Block offices when they went to get help on their tax returns provides a compelling example. Merely providing information on financial aid availability had no effect on application and enrollment outcomes; but when staff filled out the forms with potential students or their parents, there were large positive effects on applications to and enrollments in college.[13] Among the findings, low-income high school graduates who received this service were eight percentage points more likely than others to enroll in college.[14]

In another experiment, researchers focusing on high-achieving, low-income high school students developed a program to improve access to highly selective colleges. They provided students with a set of highly-ranked colleges for which they might qualify, as well as others that would be very likely to accept them. They also provided them with information on attainable financial aid, based on their family incomes, and a waiver of application fees. This low-cost intervention ($6 per student) dramatically changed application patterns, increasing the probability that students would enroll at an institution matching their qualifications by 46 percent. On average, students who received the mailing enrolled in colleges with graduation rates that were 15 percent higher, instructional spending that was 22 percent higher, and student-related spending that was 26 percent higher than similar students not receiving the information.[15]

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[9] "College Navigator," National Center for Education Statistics, https://nces.ed.gov/collegenavigator/.
[10] "College Scorecard," U.S. Department of Education, https://collegescorecard.ed.gov/.
[11] Ben Castleman, "Prompts, Personalization, and Pay-Offs: Strategies to Improve the Design and Delivery of College and Financial Aid Information," in *Decision Making for Student Success: Behavioral Insights to Improve College Access and Persistence,* ed. B. Castleman, S. Schwartz, and S. Baum (New York: Routledge, 2015).
[12] Mac Taylor "Creating a Debt-Free College Program," California Legislative Analyst's Office, January 2017, https://www.asccc.org/sites/default/files/LAOReport-Debt-Free-College-31Jan17.pdf.
[13] Eric Bettinger, Bridget Long, Philip Oreopoulos, and Lisa Sanbonmatsu, "The Role of Application Assistance and Information in College Decisions: Results from the H&R Block FAFSA Experiment," Q*uarterly Journal of Economics* 127, no. 3 (2012): 1205–42.
[14] Ibid.
[15] Caroline Hoxby and Sarah Turner, "Expanding College Opportunities," *Education Next* 13, no. 4 (Fall 2013). It is important to note that this strong response to personalized information delivered through the mail may be specific to the targeted group. These students represented a very small segment of the

Finally, the limited evidence around "early commitment" college access programs suggests that bolstering the information and commitments made to students earlier in the process can have a measurable impact on enrollment.[16]

What CSAC Can Do

The state should provide early information to children and families to familiarize them with the availability of financial aid and ensure the information is relevant to each families' personal circumstances.

- CSAC should manage a process that would use information from state tax filings to send annual notices to parents of school children about the federal and state grant aid for which their children would be eligible if their current circumstances persist. This information will help parents and students to prepare for college both financially and academically. CSAC could also build partnerships with other state agencies administering means-tested programs where families with school children could receive notifications about federal and state grant aid.
- CSAC's new online presence should provide quick gateways to easily accessible, personalized information and estimates about what level of aid students and families can expect (see *Expanding Opportunity, Reducing Debt* report).
- CSAC should require schools participating in the Cal Grant program to provide their net price calculators through the CSAC website and design functionality that makes it easy for students and families to make comparisons across institutions while on the site.
- CSAC should require schools participating in the Cal Grant program to provide their aid award letters only through the CSAC website and students should go to their personalized CSAC portals to accept any aid awards.[17] This will send students directly to the CSAC website, and in the process expose them to a searchable, comparable format to help them make decisions.
- CSAC should ensure its personalized information is mobile friendly. While it may be less likely that students and families make major decisions while viewing information in a mobile format, mobile phones are more likely to be the primary source of Internet access for young people, low-income individuals, and nonwhites.[18]

RECOMMENDATION 3: Use lessons from behavioral economics to guide all external communications and pilot targeted outreach programs.

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population, all scoring in the top 10 percent of SAT and ACT takers; they were applying to colleges with generous enough financial aid to make these highly selective institutions less expensive for them than most other options. This may help to explain the difference between the effectiveness of information alone in the H&R Block study and the information provided in this experiment.

[16] Robert Kelchen and Sara Goldrick-Rab, "Accelerating College Knowledge: A Fiscal Analysis of a Targeted Early Commitment Pell Program," *Journal of Higher Education* 86, no. 2 (2014): 199–232, http://theeduoptimists.com/wp-content/uploads/2014/01/Accelerating-College-Knowledge-Accepted-Version.pdf.

[17] Just as insurers can only sell discounted insurance plans on Covered California.

[18] "Mobile Fact Sheet," Pew Research Center, http://www.pewinternet.org/fact-sheet/mobile/.

As CSAC considers revamping its web presence and communicating new eligibility requirements to the general public, we recommend the Commission leverage research-backed "nudge" strategies to support students through the financial aid and college choice process.

What We Know

There is strong evidence from behavioral economics and the cognitive sciences that it is not sufficient just to make information available and expect that the people who need it will have the awareness, time, and wherewithal to take advantage of it. Although having a wide array of choices can be a good thing, people frequently have difficulty making decisions that require comparisons involving many different criteria. Weighting the importance of graduation rates, geographical location, programs offered, size, price, and many other factors can be daunting. The bandwidth required to process college information creates particular strains for students from disadvantaged backgrounds who have to devote time and energy to addressing immediate survival issues.[19]

The evidence from behavioral sciences about the impact of reminders provided *at critical times*, of asking people to commit in advance to carrying out tasks at a specified time, and of simplifying and ordering the options people face is mounting.[20] Low-cost, low-touch interventions can have a significant impact on both behaviors and attitudes. For example, a seminal study showed that switching a pension plan registration from requiring new employees to check a box if they wanted to join the plan to requiring them to actively opt out if they did *not* want to participate significantly increased participation.[21]

Researchers and practitioners have begun to apply these principles to decision making in higher education.The idea of making the "default option" one that is mostly likely to lead to success is behind the creation of structured curriculum pathways in community colleges. Leaving students to choose without guidance among thousands of courses is less effective than designing a set of courses they will take unless they actively choose to make substitutions.[22]

Additionally, several higher education studies have used "nudge" text messaging and shown results. In one experiment, researchers found that an automated, personalized text-messaging campaign to remind high school graduates of important summer tasks significantly increased the

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[19] Ben Castleman, "Prompts, Personalization, and Pay-Offs: Strategies to Improve the Design and Delivery of College and Financial Aid Information," in *Decision Making for Student Success: Behavioral Insights to Improve College Access and Persistence,* ed. B. Castleman, S. Schwartz, and S. Baum. (New York: Routledge, 2015).

[20] Richard Thaler and Cass Sunstein, *Nudge: Improving Decisions about Health, Wealth, and Happiness* (New Haven: Yale University Press, 2008). Healey Whitsett and Tom Allison, "College Information Design and Delivery," 2015, http://younginvincibles.org/wp-content/uploads/2017/04/college-information-design-5.28.2015-FINAL.pdf.

[21] Brigitte Madrian and Dennis Shea, "The Power of Suggestion: Inertia in 401(K) Participation and Savings Behavior," *Quarterly Journal of Economics* 16, no. 4 (2001):1149–87.

[22] Judy Scott-Clayton, "The Shapeless River: Does A Lack of Structure Inhibit Students' Progress at Community Colleges?"in *Decision Making for Student Success: Behavioral Insights to Improve College Access and Persistence*.

number of disadvantaged students accepted to college who actually enrolled in in the fall.[23] In another, researchers sent a series of text messages to twelfth-graders in Texas and Delaware high schools who provided a mobile phone number reminding them to complete a FAFSA, with the option to access follow-up assistance. The estimated marginal cost was approximately $8 per student. In Delaware, FAFSA completion rates increased by five percentage points, and in Texas, students completed their FAFSAs earlier and were four percentage points more likely to matriculate.[24]

What CSAC Can Do

It is becoming increasingly clear that changes in the way information and options are framed can have a significant impact on student choices, and that small and subtle pushes or "nudges" can measurably improve student outcomes. We recommend that:

- CSAC create texting campaigns that send reminders at critical times to ensure students apply for financial aid, designing the outreach in a way that allows the Commission to evaluate differences in outreach techniques over time and connect students to follow-up assistance as needed.
- CSAC work with the State Franchise Tax Board to recommend, at the appropriate time in the tax filing process, that families okay getting personalized information about financial aid, rather than making it a neutral option.
- CSAC's website allows students to sort personalized information based on critical decision points. For example, if CSAC provides award notices in a standard template through their website, allow students to sort awards by factors students should consider, such as graduation rate, overall total net cost and aid gaps, and other decision factors. CSAC should order the default presentation of information by the level of importance of information, given the research on college choice and success, and limit the sortable options to those that are most important and useful to students and families.[25]

Conclusion

The California Student Aid Commission has a unique opportunity to launch an ambitious and well-designed state communications campaign to increase informed access to college aid. CSAC can build on the progress made through program reforms to run a statewide marketing campaign, build a research-driven web presence and online functionality, and launch outreach programs that build on growing evidence from the field. CSAC should begin implementing these strategies immediately—most do not require the adoption of other reforms and can be prioritized based on potential impact and available resources.

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[23] Benjamin Castleman and Lindsay Page, "Summer Nudging: Can Personalized Text Messages and Peer Mentor Outreach Increase College-Going Among Low-Income High School Graduates?" EdPolicyWorks Working Paper Series No. 9, April 2013.
[24] L. C. Page, B. Castleman, and K. Meyer, "Customized nudging to improve FAFSA completion and income verification," Social Science Research Network, 2016, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2854345.
[25] See discussion of order effects, Healey Whitsett and Tom Allison, "College Information Design and Delivery," 2015, http://younginvincibles.org/wp-content/uploads/2017/04/college-information-design-5.28.2015-FINAL.pdf.

APPENDIX 3

Reforms in Other States and Countries

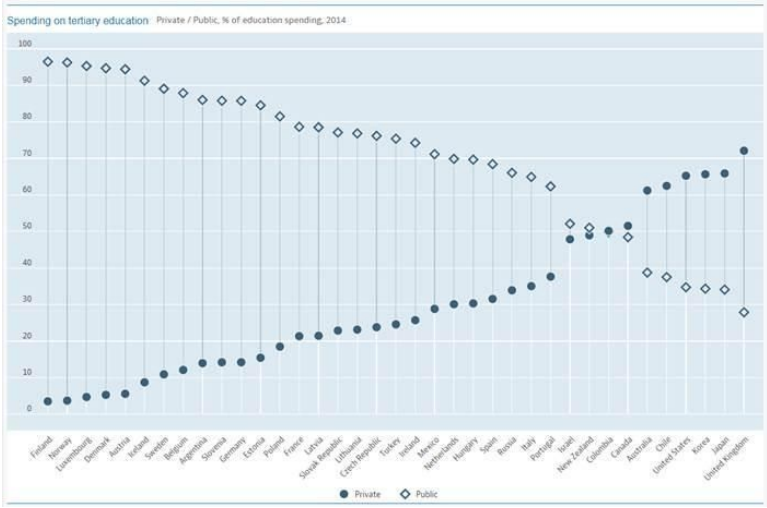
This report describes recent student financial aid reform efforts in different states and nations that might inform financial aid streamlining in California. After arranging state reforms into seven categories, the report evaluates the benefits and risks of each program to students, aid providers, and institutions. The report does not include research studies administered to samples of students that attempt to improve outcomes related to financial aid or other topics.[1] One partial exception, described below, is a research study of text message reminders administered at a statewide level.

Methods. We performed an environmental scan of all 50 states and selected countries for relevant financial aid reform efforts. In selecting countries, we focused on those most similar to California, namely developed countries with a substantial private postsecondary sector characterized by the Organisation for Economic Co-operation and Development (OECD) as having relatively high tuition (which in this report also refers to mandatory fees) and moderate to significant financial aid.[2] For example, among developed countries, compared with the United States, only Korea, Japan, and the United Kingdom have a higher percentage of postsecondary education funding provided by private funds (figure 1). Australia, Canada, and Chile have a lower proportion of private funding but were included for comparison purposes. We also examined the province of Ontario, Canada, which recently reformed its financial aid system.

[1] Recent examples include Broton, K. M., Goldrick-Rab, S., & Benson, J. (2016). Working for college: The causal impacts of financial grants on undergraduate employment. *Educational Evaluation and Policy Analysis, 38*(3), 477–494; Hoxby, C., & Turner, S. (2013). *Expanding college opportunities for high-achieving, low-income students*. Stanford, CA: Stanford Institute for Economic Policy Research; and Scrivener, S., Weiss, M., Ratledge, A., Rudd, T., Sommo, C., & Fresques, H. (2015). *Doubling graduation rates: Three-year effects of CUNY's Accelerated Study in Associate Programs (ASAP) for developmental education students*. New York, NY: MDRC. For a recent review of these and other interventions, see pp. 111-114 of Holzer, H. J., & Baum, S. (2017). *Making College Work: Pathways to Success for Disadvantaged Students*. Washington, DC: Brookings Institution Press.

[2] OECD. (2017). *Education at a glance 2017: OECD indicators* (pp. 217–218). Paris, France: Author. Retrieved from http://dx.doi.org/10.1787/eag-2017-en.

Figure 1. Public and private spending as a percentage of total spending on postsecondary education: 2014



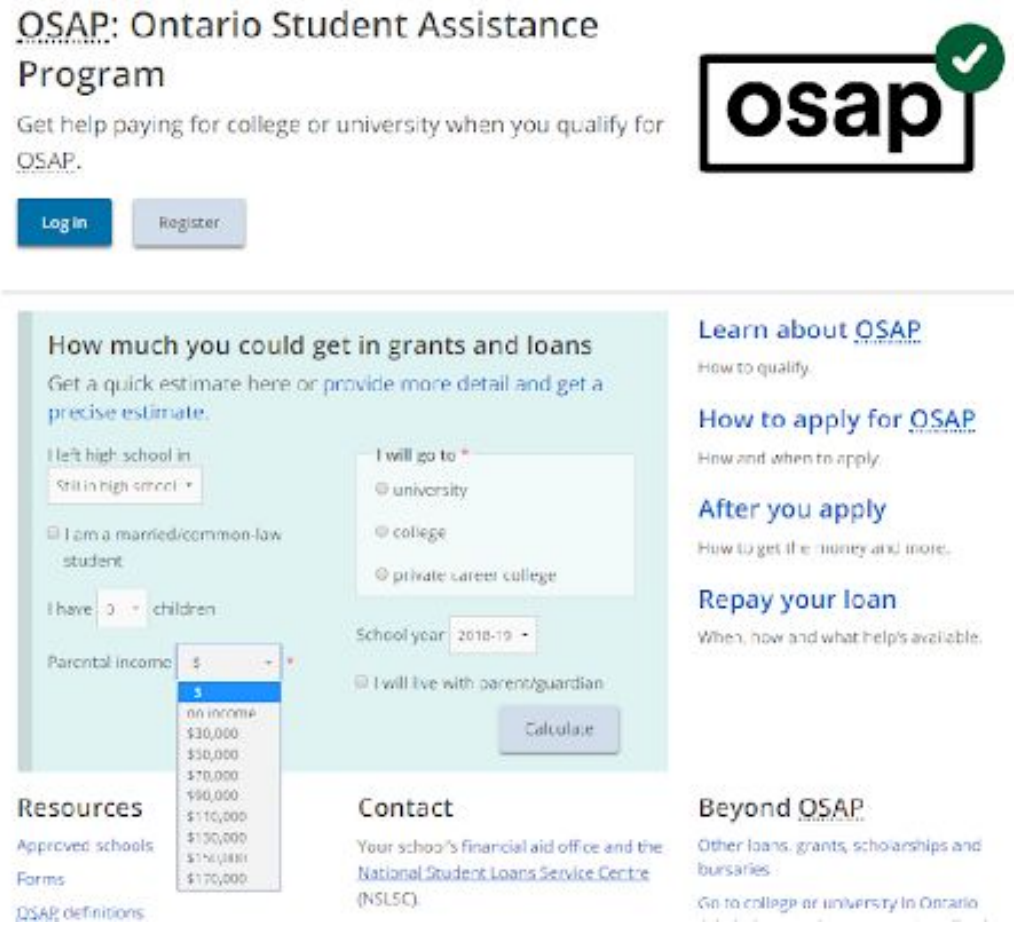
SOURCE: Organisation for Economic Co-operation and Development (2017), "Spending on tertiary education" (indicator). Retrieved January 25, 2018, from http://dx.doi.org/10.1787/a3523185-en.

We examined each reform to identify features that might be relevant for improving California's financial aid system. We found that these efforts fall into seven categories: user-friendly websites, high credit hour minimums, zero tuition, regional cost-of-living adjustments, simplified loan repayment, increased funding, and tuition caps (not strictly a financial aid reform but included because of its close relationship to financial aid).

User-friendly website. It is safe to assume that in 2018, every financial aid agency across the country and around the world maintains a website. However, some websites are more helpful than others—those of the financial aid agencies of Ontario, Canada,[3] and Oregon[4] are noteworthy for their simplicity, thoroughness, and usability. These websites also allow users to easily create an accurate estimate of expected financial aid and total price of attendance before and after aid and direct them to apply for aid. The home page of the Ontario Student Assistance Program features a questionnaire that quickly estimates financial aid and net price of attendance after entering only seven elements of information: high school graduation year, marital status, number of children, approximate parental income, institution type, year expected to start postsecondary education, and whether the student will live at home with a parent (figure 2). In addition to these estimates, the website displays a link to apply for financial aid.

[3] See https://www.ontario.ca/page/osap-ontario-student-assistance-program.
[4] See https://oregonstudentaid.gov.

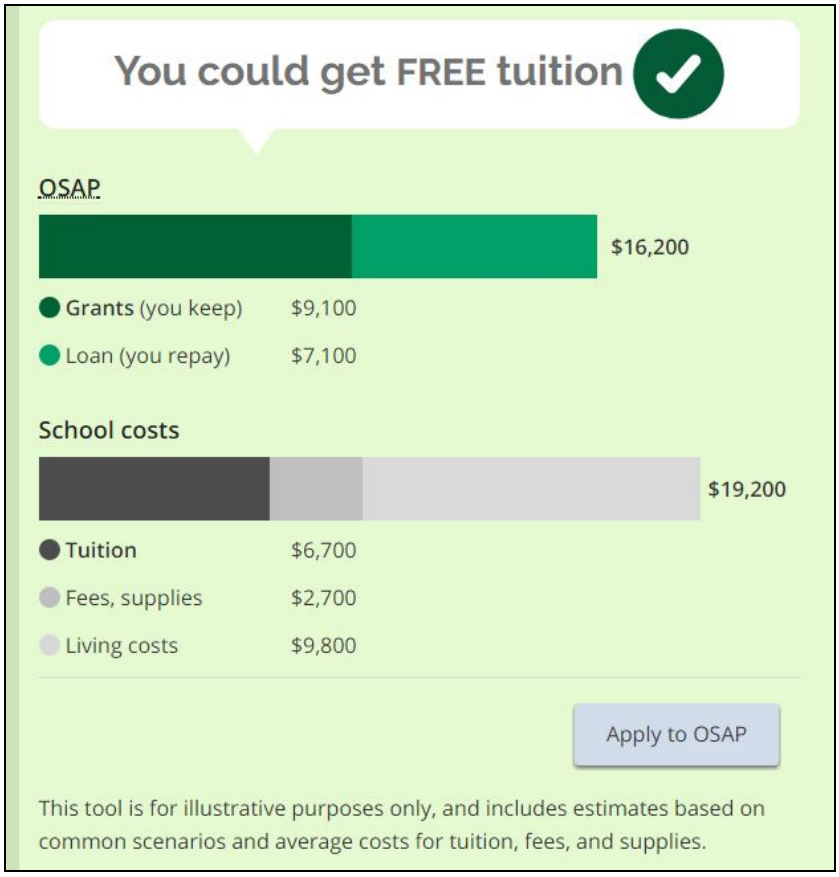
Figure 2. Ontario Student Assistance Program home page (partial screenshot)



SOURCE: Ontario Student Assistance Program (2018). Retrieved January 26, 2018, from https://www.ontario.ca/page/osap-ontario-student-assistance-program.

The Ontario calculator has a list of incomes to choose from in wide bands (though each is represented by a single number), so users do not need to know the precise amount. To illustrate, figure 3 shows the initial financial aid and net price estimate that appears if users identify as a current high school senior (the default option) with a parental income around $50,000 (Canadian), planning to attend a university (as opposed to a college or private career college). This estimate appears after users enters only two pieces of information. The values adjust if and when users select other options, such as a different school year or living arrangement.

Figure 3. Ontario Student Assistance Program initial financial aid estimate (partial screenshot)

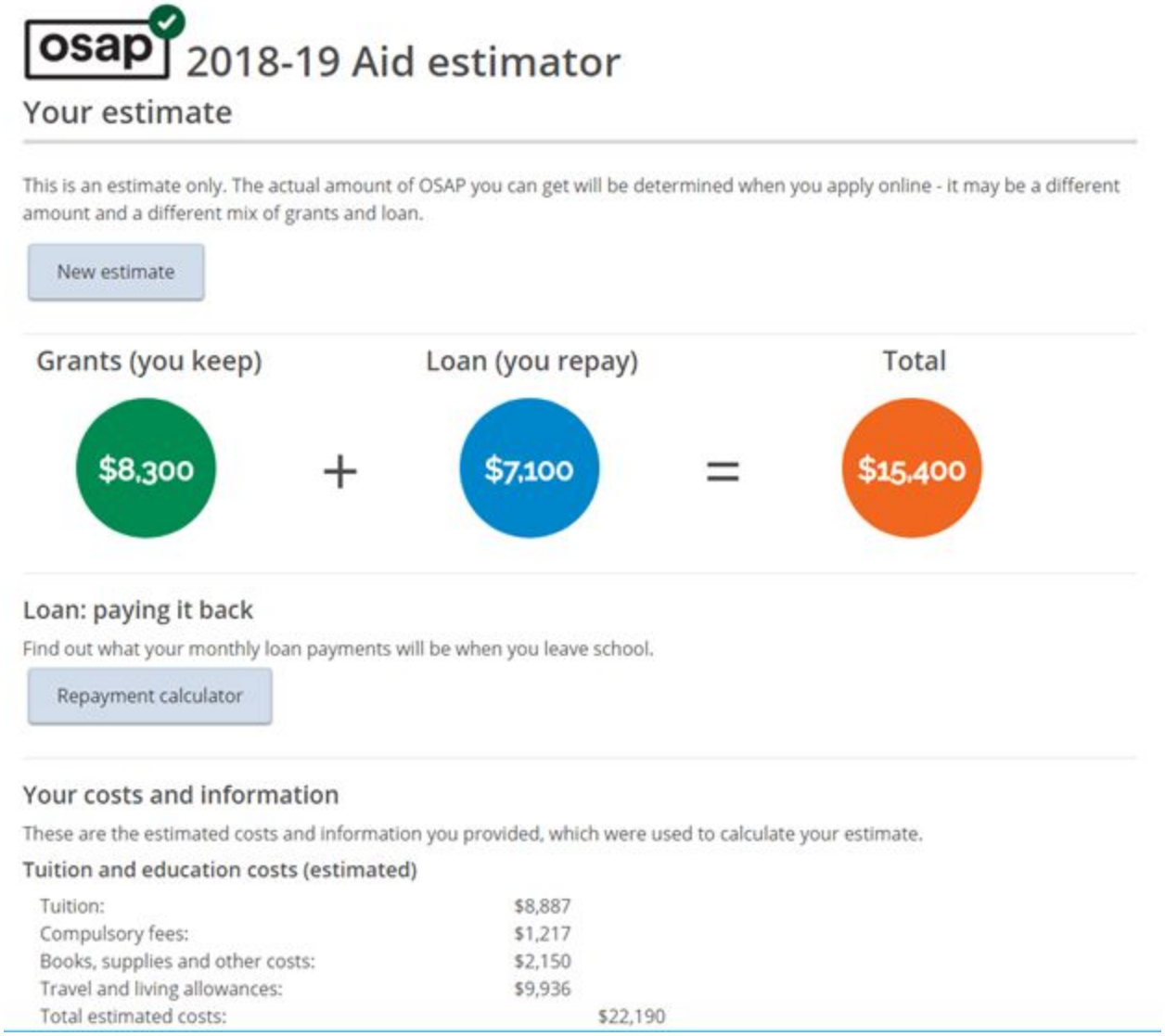


SOURCE: Ontario Student Assistance Program (2018). Retrieved January 27, 2018, from https://www.ontario.ca/page/osap-ontario-student-assistance-program.

Figure 4 shows the results of a "precise estimate" for a dependent student with an income of $55,000 planning to attend McMaster University as a freshman in computer science. The functionality is similar to the net price calculators provided by most U.S. institutions as required by the Higher Education Opportunity Act of 2008 (P.L. 110-315, 122 Stat. 3078). In the Ontario case, however, the calculator is provided by a government agency that allows users to generate estimates for multiple institutions from the same website, whereas users in the United States must visit individual institutions' websites or perhaps use a third-party service that aggregates estimates across multiple institutions.[5]

[5] Jaschik, S. (2017, August 21). The value of simplicity in estimating student aid. *Inside Higher Ed*. Retrieved February 8, 2018, from https://www.insidehighered.com/admissions/article/2017/08/21/tools-are-less-detailed-most-colleges-aid-calculators-are-gathering.

Figure 4. Ontario Student Assistance Program precise financial aid estimate (partial screenshot)



SOURCE: Ontario Student Assistance Program (2018). Retrieved January 27, 2018, from https://www.ontario.ca/page/osap-ontario-student-assistance-program.

Many students and parents dramatically overestimate the price of postsecondary education.[6] Showing them their estimated aid and net price and helping them apply for aid makes them more

[6] Horn, L. J., Chen, X., & Chapman, C. (2003). *Getting ready to pay for college: What students and their parents know about the cost of college tuition and what they are doing to find out* (NCES 2003-030). Washington, DC: National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education.

likely to apply for aid and enroll in college.[7] The primary risks to providing estimates of aid and net price are increasing the aid providers' workload to handle additional aid and the incremental cost to update and maintain these elements of a website. There is also a tradeoff between simplicity and accuracy. It may be easier, for example, for users to enter income by selecting a range rather than entering a precise dollar amount and to disregard assets and other financial circumstances that determine aid amounts. However, students and their families who rely on estimates based on simplified criteria may end up with less aid than anticipated, leaving them with more unmet need than anticipated.

High credit hour minimums. Three U.S. states (Nevada, New York, and Rhode Island) require state financial aid recipients to enroll each term for at least 15 credit hours (hereafter, credits), which is higher than the 12-credit minimum used to determine full-time status for most federal student aid. The logic behind this reform is that students who successfully complete at least 15 credits will accumulate enough to complete a bachelor's degree in 4 academic years (120 credits on a semester calendar) or an associate's degree in 2 academic years (60 credits on a semester calendar). In contrast, students who complete only 12 credits per term would take 5 years to complete a bachelor's degree and 2.5 years to complete an associate's degree. (Some public institutions and systems, such as the University of Hawai'i system and Indiana University-Purdue University Indianapolis, have promoted the 15-credit minimum without requiring it for financial aid eligibility.[8])

The advantage of the 15-credit minimum enrollment is that it puts aid recipients on a path to timely graduation if they complete these credits. But this policy also poses several risks to students and institutions. Some students cannot take 15 or more credits due to family or work obligations or because of a limiting disability. Required noncredit remedial courses might not count toward the 15-credit limit and, in any case, would not count toward a degree. The 15-credit minimum for state aid may be confusing to students and aid administrators who simultaneously have a 12-credit minimum for federal aid. Finally, students might attempt to skirt the rules by initially enrolling for 15 credits for financial aid purposes and intentionally dropping some courses later, which would undermine the purpose of the reform while possibly preventing other students from enrolling in the courses that get dropped.

Zero tuition. In recent years, four states and one country that had been charging tuition began waiving tuition for large populations of students, irrespective of financial need. Nevada, Oregon, Rhode Island, and Tennessee introduced zero tuition (or "free college") policies for community colleges (public 2-year institutions). (California's enactment last fall of Assembly Bill 19 set the stage for zero tuition for first-time, first-year community college students, though it has not yet taken effect.) New York state now offers near-zero tuition for public 4-year institutions for virtually all residents as well. A recent zero tuition reform in Chile, though not universal, applies to

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[7] Bettinger, E. P., Long, B. T., Oreopoulos, P., & Sanbonmatsu, L. (2012). The role of application assistance and information in college decisions: Results from the H&R Block FAFSA experiment. *The Quarterly Journal of Economics, 127*(3): 1205–1242.

[8] Complete College America. (2017, January 10). CCA, NACADA launch effort to boost on-time completion rates, reduce student debt. Retrieved January 26, 2017, from https://completecollege.org/article/complete-college-america-and-nacada-the-global-community-for-academic-advising-launch-effort-to-boost-on-time-completion-rates-reduce-student-debt.

students in the lower half of the income distribution at many institutions.[9] Similarly, the "Promise" programs in many U.S. cities offer grants intended to cover tuition to all residents of a particular city.

The major appeal of the universal zero tuition concept is the simplicity of its message to prospective students: if you attend college in this state, you will not pay tuition no matter what your financial circumstances are. Critics of these programs have pointed to several issues for students and states. One is that at many public institutions (including all California public institutions), tuition is significantly less than nontuition expenses (such as housing, food, and books). Zero *tuition*, in other words, falls far short of zero *price of attendance*. A second concern is that students may enroll in community colleges simply because they know that community college is tuition free. Some of these students would qualify for enough grant aid to cover tuition at a more selective 4-year institution, and in fact might have a lower total cost of attendance at a 4-year institution after figuring in nontuition expenses and institutional grant aid. Additionally, students who attend colleges that are less selective than their academic preparation would permit, known as undermatching, tend to have less positive outcomes during and after college. Another issue is that zero tuition programs have other conditions, like New York's postgraduation residency requirements, that may pose hurdles for students before, during, or after enrollment. Such conditions would likely impose administrative costs on the institutions or financial aid agencies that must track down students who left the state to reclaim the awards and any applicable interest or penalties. Additionally, from the state perspective, waiving tuition for students with no need means fewer dollars for students with need.

Regional cost-of-living adjustments. Maryland adjusts its largest state grant program to account for regional differences in the cost of living, though we were not able to find documentation of how they measure these differences.[10] A Maryland Higher Education Commission employee informed us that these adjustments are based on data from the College Board but was unable to provide any further details. This approach has significant potential for a state with wide regional variation in cost of living like California. It might measure cost of living using an existing source such as the U.S. Department of Defense's Basic Allowance for Housing, which is updated annually and is already used by the U.S. Department of Veterans Affairs to calculate living expenses for recipients of the Post-9/11 GI Bill based on the location of the institution.[11] For instance, in 2018, the maximum stipend in the California State University system ranges from $1,358 per month (or $12,222 over 9 months) at Humboldt State University to $4,247 per month (or $38,223 over 9 months) at San Francisco State University.

The main downside to cost-of-living adjustments is the added complexity to the process of budgeting for and awarding grants. Presumably this process would be straightforward at the campus level, and most of the burden would fall on state agencies such as the California Student

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[9] OECD. (2017). *Education in Chile* (Reviews of National Policies for Education). Paris, France: Author. Retrieved January 25, 2017, from http://dx.doi.org/10.1787/9789264284425-en.

[10] Maryland Higher Education Commission. (n.d.) *Howard P. Rawlings Educational Assistance (EA) Grant*. Retrieved January 26, 2018, from http://mhec.maryland.gov/Preparing/Pages/FinancialAid/ProgramDescriptions/prog_ea.aspx.

[11] Office of the Federal Register. (2009, March 31). *Post-9/11 GI Bill; Final rule*, 38 CFR Part 21 (p. 14659). Washington, DC: Author. Retrieved from https://www.va.gov/orpm/docs/20090331_AN10_Post911GIBill.pdf.

Aid Commission and on postsecondary systems and chains, all of which serve students in multiple locations.

Simplified loan repayment. Over the last two decades, as college enrollment outpaced government appropriation, the United Kingdom has moved from a system of tuition-free postsecondary education to one that charges tuition at substantial levels (equivalent to over $11,000 per year on average). Along with this change, it has also instituted a student loan system that automatically enrolls borrowers in an income-contingent repayment system that adjusts monthly payments to a percentage of their earnings.[12] In general, the automatic enrollment aspect of a policy like that in the United Kingdom reduces the administrative burden on both students and lenders. Payments are deducted from paychecks, so borrowers cannot forget to make them. Monthly payments are set by policy (currently pegged at 9% of income above a certain threshold) to be manageable for borrowers even if their income unexpectedly drops.

This reform has little relevance for California's current financial aid system, which relies almost exclusively on grants. If California were to initiate a significant state-financed loan program, it would face significant administrative hurdles implementing automatic payroll deductions for payments, particularly for graduates who move out of state. Moreover, many students have more favorable terms from existing federal loan programs, including several options for income-contingent repayment options.

Increased funding. Chile, Korea, and the United Kingdom have significantly increased funding for their national financial aid programs. Other things equal, better funding benefits students by increasing amounts, increasing the number of recipients, or both. Beyond the cost of the aid itself, the main risk is that institutions will "capture" the increased funding by raising tuition accordingly, diminishing the efficacy of the grants to make college more accessible. There is considerable scholarly debate about whether and to what degree this occurs. One study comparing private for-profit institutions that do and do not accept federal Title IV student aid found that those that accept federal aid charge 78% more for tuition.[13] A second risk is the marginal increase in the financial aid processing workload for institutions and aid providers.

Text messaging. We identified one statewide initiative, funded and implemented as a grant-funded research project rather than a state-sponsored policy, that is worth mentioning for achieving meaningful results at a low cost. In 2015, researchers sent a series of text messages to all 9,200 twelfth-graders in Delaware public high schools who provided a mobile phone number reminding them to complete a Free Application for Federal Student Aid (FAFSA). The estimated effect was a 5-percentage-point increase in FAFSA submission.[14] An intervention like this one

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[12] Murphy, R. J., Scott-Clayton, J., & Wyness, G. (2017, April 27). *Lessons from the end of free college in England.* Washington, DC: Brookings Institution. Retrieved from https://www.brookings.edu/research/lessons-from-the-end-of-free-college-in-england; Government Digital Service, United Kingdom. (n.d.). Student finance. Retrieved January 26, 2018, from https://www.gov.uk/student-finance.

[13] Cellini, S. R., & Goldin, C. (2014). Does federal student aid raise tuition? New evidence on for-profit colleges. *American Economic Journal: Economic Policy, 6*(4), 174–206.

[14] Page, L. C., Castleman, B., & Meyer, K. (2016). *Customized nudging to improve FAFSA completion and income verification*. Retrieved from Social Science Research Network website: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2854345.

would increase applications for financial aid, and it would be expected to increase enrollment in postsecondary education and use of financial aid. The estimated marginal cost of the technology was approximately $8 per student reached and about $150 per student who enrolled in college (not including staffers' time spent managing the text messages and responding to queries). The primary risk for this intervention is that it would increase demand for financial aid, which would mean an incrementally bigger budget and workload for the funding agency and institutions.

Tuition caps. Korea and the United Kingdom recently capped tuition to allow financial aid to cover a greater proportion of nontuition expenses.[15] (Australia, in contrast, removed tuition caps in 2016.[16]) Although setting tuition rates is not a financial aid reform per se, it affects financial aid policy in these countries by freeing up funding for students' living expenses. Limiting tuition obviously makes postsecondary education more affordable, other things equal, but it carries several risks if it were to be considered in California. For one, as noted, setting tuition is a separate process from distributing financial aid with different rules and actors that vary by sector. While California's state government has significant authority over tuition for the California Community College and California State University systems, it has no direct control over tuition at the University of California, though it does exert influence through the appropriations process. The state government has essentially no influence over what private institutions charge. To the extent that tuition revenue is used to provide financial aid, needy students might receive less institutional aid at lower tuition levels. There is also no guarantee that institutions can maintain the same quality of education or serve the same number of students when tuition increases are restricted.

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[15] Korean Ministry of Education. (2016.) *Happy education for all: Creative talent shapes the future* (2016 Education Policy Plans). Sejong City, Korea: Author. Retrieved from http://english.moe.go.kr/boardCnts/list.do?boardID=276&m=040102&s=english#contents.

[16] Morgan, J. (2014, May 13). Tuition fee caps removed in Australian federal budget. *Times Higher Education*. Retrieved from https://www.timeshighereducation.com/news/tuition-fee-caps-removed-in-australian-federal-budget/2013293.article.

APPENDIX 4

Stakeholder Perspectives on CSAC Programs and the Grant Delivery System

To gather stakeholder input, we met with representatives of all of the state's higher education segments, the K-12 sector, college access providers, college students, research and policy organizations, scholarship providers, and state and local government. Key themes emerged from those meetings, reflecting the project's focus on opportunities to reduce complexity and increase affordability.

- Student Eligibility: Having multiple grants with complex and varying eligibility requirements, as well as inconsistencies in how required GPAs are calculated, lead to inequities in who qualifies and for what.
- Aid Availability and Receipt: Funding levels and program design, and/or institutional choices affect aid availability and receipt, from whether eligible students actually receive a grant, to when they get their aid, to their access to student loans when needed.
- Application and Award Processes: With multiple steps that too easily become obstacles, the combined federal and state financial aid process is difficult for students and parents to navigate, and it is administratively intensive and technologically inefficient for institutions.
- Affordability: California's aid programs leave most low-income students struggling to cover the full cost of attendance, including at community colleges. Levels of student homelessness and food insecurity and low completion rates signal affordability challenges across the public systems, and college is harder to afford in regions with higher living costs.
- Institutional Resources: The funds available for financial aid administration and counseling, as well as for institutional aid, vary widely across segments and schools. Community colleges have by far the lowest resources per capita while serving the highest share of the state's low-income students.
- Communication and Outreach: It is harder than it should be to explain available aid and how to get it, and to make sure that potentially eligible students get needed information and support. Complex aid programs and processes, limited resources, and lack of data all contribute to communications and outreach challenges for schools, college access providers, and CSAC.

Stakeholders welcomed the opportunity to share their observations about California's financial aid programs, policies, and systems. Although they did not all have the same priorities or areas of expertise, they raised many of the same issues and examples. And they all expressed a belief that reform is both possible and necessary.

Stakeholders Interviewed

In January and February 2018, project staff gathered stakeholder input through meetings with representatives from the following systems and organizations:

State higher education and K-12 segments:

- University of California (including a campus representative)
- California State University (including a campus representative)
- California Community College Chancellor's Office
- the Association of Independent California Colleges and Universities (including two campus representatives)
- Fashion Institute of Design and Merchandising and MTI College (for-profit institutions)
- Riverside County Office of Education (representing K-12)

State agencies:

- California Department of Finance
- Legislative Analyst's Office
- Staff of the California State Legislature
- California Franchise Tax Board
- Office of the Treasurer (Scholarshare savings program)

Other stakeholders

- California Community Colleges Student Financial Aid Administrators Association
- Student Senate for California Community Colleges
- California State Student Association
- California EDGE (Education, Diversity, and Growth in the Economy)
- John Burton Advocates for Youth (which serves foster and homeless youth)
- East Bay College Fund
- uAspire Bay Area (which serves low-income high school students)
- The Institute for College Access & Success
- The Education Trust – West
- Campaign for College Opportunity
- Office of the Mayor of Oakland,
- East Bay Consortium of Educational Institutions

Stakeholder Perspectives

Here we summarize stakeholder concerns in eight themes: coverage, meeting need, complexity, timing, regional differences, federal/state alignment, efficiency, and differences between segments. For the most part, these views focus on aspects of California's financial aid system, but they occasionally refer to related topics such as state funding for public institutions and policies regarding institution and federal aid.

Because stakeholders sometimes asked not to be quoted, no names or unique identifying details are used in this summary, and no comment is attributed to a group consisting of fewer than three participants.

Coverage. Stakeholders identified several important gaps in coverage for otherwise qualified students. Recent high school graduates must earn a high school grade point average of 3.0 or higher to qualify for Cal Grant A and 2.0 or higher to qualify for Cal Grant B. Stakeholders report that small discrepancies in which courses are used to calculate high school grade point averages sometimes affects which students are eligible for a Cal Grant. The income and asset ceilings present a problem to students and families who barely exceed the maximums but have trouble affording college without state grants, which leads some to request an adjustment to their stated finances.

A specific coverage gap is the "B to A doughnut hole" or "No Cal Grant Zone," where students with income just above the cutoff for Cal Grant B and grades just below the cutoff for Cal Grant A cannot qualify for either award (though they may be eligible for a Middle Class Scholarship). Other students are excluded from eligibility because they are too old, they applied after the deadline, they applied too long after graduating from high school, or they used up their lifetime eligibility.

Students at about 20 community colleges face another coverage gap: their colleges do not participate in the federal student loan program, so they cannot take out Direct (Stafford) loans. However, the recently enacted California College Promise legislation (Assembly Bill 19), the main feature of which is to eliminate tuition and fees for all first-time, first-year community college students, requires participating colleges to offer federal loans starting in 2019.

Meeting Need. Even among state aid recipients, awards may not be sufficient to cover the price of attendance for needy students. While Cal Grants cover tuition and fees at public institutions, higher awards could cover a larger portion of students' non-tuition expenses, which for most students at public institutions exceeds tuition and fees. Stakeholders mentioned that the four-year Cal Grant eligibility limit is insufficient when many students take more than four years to earn a bachelor's degree. A representative of an institution that offers numerous shorter programs supported by Cal Grant C remarked that many graduates would like return for a bachelor's degree program but have exhausted their Cal Grant eligibility.

Some gaps in need are built in by design, particularly the feature of Cal Grant B that it does not cover non-tuition expenses in the first year. Other gaps seem to be unintended consequences of other circumstances. For instance, financial aid administrators may be reluctant to reclassify dependent students as independent, which in many cases would entitle the students to larger aid

awards. The reasons they cited were concern of being audited and found to be improperly awarding aid as well as because insufficient resources to process the required paperwork.

Complexity. A common complaint was that the state grant process was needlessly complicated and difficult for students to understand. It was widely acknowledged that existing systems were antiquated, requiring students to take many steps that a financial aid office could do more efficiently using information it already has, such as completing the G-6 Transfer Entitlement Certification Form for Transfer Entitlement Cal Grants.

Some application steps seemed out of order, requiring needless effort such as requiring students to submit grades before confirming that they met the income eligibility requirements. Others were confusing to students. Many students do not realize they need to establish a WebGrants account with CSAC to receive state grants, and even among those who do, they often do not understand why. Nor does it help matters that notices of Cal Grant awards are mailed to students without notifying the institutions they are planning to attend. When students do not realize they must create WebGrants accounts or are unable to do so on their own, their respective institutions may not even be aware that they need help.

Similarly, students attending institutions that put other aid on a payment card sometimes were not aware that they had received a Cal grant not on the card. One community college financial aid office reportedly required applicants to present a driver's license for identification, which many low-income students did not possess.

Even experienced financial aid professionals could not explain the rationale for arcane provisions of state financial aid policy like the two percent of Cal Grant B recipients at 4-year institutions whose grants cover tuition and fees in the first year. One organization attempted to diagram the various state aid programs but gave up when the flowchart became too complex. A financial aid administrator summed up the general sense of frustration in a rhetorical question: "If we can barely understand these aid programs, how can we explain them to students and parents?"

Timing. For many students, application due dates and disbursement dates are poorly synchronized with students' needs. High school graduates who decide to enroll in community colleges during the summer have already missed the March 2 application deadline. Community college students can apply for the alternate aid cycle by the September 2 deadline, but many students are unaware of this possibility. Moreover, due to resource constraints, community colleges do little to promote this opportunity, and there are fewer awards available during this period.

Moreover, even when they are awarded, state grants often arrive too late to be useful. Even then, some institutions hold grant disbursements until the start of the term to avoid making payments to students who never enroll, which means that recipients have trouble paying for critical expenses like rent and food before they receive aid. (One participant proposed a safe harbor policy by which institutions could disburse small fractions of grants before the start of the term without being held liable for no-show students.) Late payment is particularly a problem for the Chafee Grant program for foster youth, where payments can be delayed as long as four months.

Institution representatives discussed other issues with the timing of state grants. In particular, the recent change to using prior-prior year income for the Free Application for Federal Student Aid

(FAFSA) and the option for students to submit FAFSAs as early as October of the year before enrollment puts pressure on institutions to make award letters earlier. At the same time, financial aid offices can only estimate the value of Cal Grants before the legislature's June 15 constitutional deadline to pass the state budget. The timing of the state budget cycle also effectively precludes institutions with active summer enrollment from offering Cal Grants for summer terms because instruction begins before the budget is enacted.

Regional differences. While tuition and fees are relatively uniform across public campuses across the state, stakeholders acknowledged that living expenses are not. By way of illustration, the Department of Veterans Affairs sets the value of housing stipends for Post-9/11 GI Bill recipients according to regional cost of living where the institutions are located. In 2018, the maximum stipend in the CSU system ranges from $1,358 per month (or $12,222 over 9 months) at Humboldt State University to $4,247 per month (or $38,223 over 9 months) at San Francisco State University—a greater than threefold difference.[1]

Federal/state alignment. Stakeholders noted inconsistencies between state and federal aid programs. Some differences work to the benefit of broader or more comprehensive financial support for California undergraduates, such opening up eligibility for most aid programs under 2011 Assembly Bill 130 (the California Dream Act) and the establishment of the DREAM loan program. In other areas, California's state grants are less generous than their federal counterparts. As described above ("Coverage"), Pell recipients may fail to receive Cal Grants because they missed the state's application deadline, they had income and assets just above the sharp eligibility threshold, they were too old, they graduated high school too long ago, their high school grades were too low, or they exhausted the period of eligibility for Cal Grants.

A separate area of concern is a state requirement that Cal Grant-awarding institutions offer at least two out of three federal campus-based programs. With the recent termination of the federal Perkins loan program and little prospect of its resurrection, that means institutions must offer both federal work-study and federal Supplemental Educational Opportunity Grants.

Efficiency. The biggest complaint from institution representatives is the inefficiency of administering the state aid programs, particularly the onerous paperwork and processing demands. This assessment was shared across the postsecondary segments. Stakeholders pointed to outdated and inefficient technology for institutions to communicate with CSAC and many manual processes that could be automated. Certain components of the application, such as income verification and participation in assistance programs like CalFresh (food stamps), could be performed by state agencies (other than CSAC) without requiring any intervention by students or institutions. Participants lauded CSAC for recent conversions of many paper forms to electronic submissions, but they complained that some processes still cannot be completed electronically, including electronic payment of certain grants. One representative singled out midyear transfer as the "biggest headache" of all.

Community colleges in particular have little incentive to encourage students to apply for and receive state aid because it is burdensome to administer and does little to support financial aid operations. Nearly all needy students already have their tuition waived by California College

[1] https://www.vets.gov/gi-bill-comparison-tool/search?name=HUMBOLDT+STATE+UNIVERSITY; https://www.vets.gov/gi-bill-comparison-tool/search?name=SAN+FRANCISCO+STATE+UNIVERSITY

Promise Grants (formerly known as Board of Governors Fee Waivers), so state aid tends to go toward books, living expenses, and other non-tuition expenses that do not directly benefit the colleges. At the same time, community college financial aid offices have very limited funds to administer aid programs (see "Differences between segments"). One participant contended that from the community colleges' perspective, the Cal Grant program "could almost not exist."

Differences between segments. Stakeholders also noted differences between California's postsecondary segments in terms of institution resources, though some of these disparities are unlikely to be addressed by changes to financial aid policy. Within the private nonprofit segment, institution representatives reported that the institutions with the most financial resources can afford to meet the full need of all students with institution grants. These institutions also tend to be the ones with the most highly selective admissions, and some maintain a need-blind policy of admitting students regardless of financial need. At the same time, they acknowledged that most private nonprofit institutions are not in such a fortunate position and that many cannot meet students' full need with grants.

Representatives of private nonprofit institutions also stressed the philosophy of state aid programs treating public and private institutions equally, perhaps even establishing a single grant amount regardless of institution segment. They argued that students should be able to choose institutions based on what fits their needs and preferences rather than by the amount of aid the institutions are able to offer them.

Participants also pointed to differences among California's three public segments, too. California's community colleges have far fewer dollars per student to administer financial aid programs than other public institutions, spending only $40 per student, compared with $165 per student at UC and $77 per student at CSU.[2] Community college staff contended that even with the economy of scale of serving a large student population, this level of funding is inadequate for the demand. Staff feel they lack the resources to even inform students about important financial aid opportunities such as the alternate September aid cycle for those who missed the March 2 deadline (see "Timing") and the recently established Full-Time Student Success Grants. Nor do community college financial aid offices have the resources to adequately assist students with their applications. For students who do receive aid, financial aid offices sometimes cannot deliver it on time. One representative referred to research describing how many needy community college students missed out on Pell grants due to problems with the federal aid application and verification process that might have been avoided had the colleges been able to provide more one-on-one assistance to students.[3] Another pointed to research showing that after accounting for federal, state, and institution aid, community colleges are more expensive to attend, on average, than UC or CSU institutions.[4]

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[2] California Community College Chancellor's Office. May 2009. *Report to the Legislature on Increases in Capacity and Participation for Student Financial Aid in California Community Colleges for 2006-07 and 2007-08*, cited in The Institute for College Access & Success. (2010, March). *Financial Aid Facts at California Community Colleges*. Retrieved February 6, 2018 from https://ticas.org/sites/default/files/legacy/files/pub/ccc_fact_sheet.pdf.

[3] Cochrane, D., with LaManque, A., and Szabo-Kubitz, L. (2010, July). *After the FAFSA: How Red Tape Can Prevent Eligible Students from Receiving Financial Aid*. Oakland, CA: The Institute for College Access & Success.

4 The Institute for College Access & Success. (2017, February). hat College Costs for Low-Income Californians L. Retrieved February 6, 2018 from https://ticas.org/sites/default/files/pub_files/what_college_costs_for_low-income_californians.pdfL.

The Grant Delivery System

Much of the input we heard from colleges and counselors was related in one way or another to CSAC's technology. In several different meetings school officials emphasized the frustration of having to get into the CSAC WebGrants system and then having to enter data "*manually*" rather than through more efficient data uploads. One segment estimated that at least one full-time staff person at every college was dedicated solely to dealing with CSAC administrative issues.

Students, also, struggle with the technology. Of the more than 30,000 phone calls that CSAC received between November 1, 2017, and the end of February, 40 percent were about password reset and problems getting into the WebGrants system (see attached data from CSAC), which we understand does not work reliably with some common web browsers.

From our meetings with CSAC staff, our understanding is that the process has already begun to update CSAC's technology. That update that is sorely needed. A data system that allows for changes to be made more easily, and for data to be checked for accuracy in real time, will certainly reduce the need for manual entry by either CSAC or school officials. Incorporating the possible consolidation or simplification of programs into the modernization plan could facilitate both efforts.

With newer technology coming, now is the the perfect time to examine each task and process to determine whether there is a way to eliminate the need for the process (rather than just replicating current processes into a new system). The best system would build off of the FAFSA and not require students to create separate accounts with CSAC at all, except for in situations such as Dreamers. Only after exploring whether there are ways to eliminate processes should CSAC attempt to implement current processes using the new technology.

Further, in building and budgeting for the updated system, consider the programming needs of the schools and colleges that interact with CSAC. Include the lead time and resources to provide colleges with updates to their own data management software, so they can interact efficiently with CSAC.

[Provided by CSAC]

Call Center Statistics from October 1, 2017 through February 28, 2018

The Call Center received 30,062 calls from November 1, 2017 through February 28, 2018. Our Shortel reports break the calls down by the 11 queues listed below. The most popular queues are Password Reset and Cal Grants—English accounting for approximately 80 percent of our calls. Shortel does not provide information on the types of calls received under each queue.

Our staff report weekly on the top types of calls they are receiving. Based on those reports, here are the top reasons students and parents call when they select the option for the top two queues.

Reasons for Cal Grant English calls:

- Reasons for Disqualification
- Claiming Cal Grant award
- How to remove hold from account

Reasons for Tech Help Desk calls:

- Password Reset (students forgot password, browser issues, inactive accounts)
- Cannot access WebGrants for Students (incompatible browser)

November 1, 2017 - February 28, 2018		
Queue	**Calls**	**% of Total**
Password Reset	11,819	39.3%
Cal Grants English	12,563	41.8%
Cal Grants Spanish	243	0.8%
Dream Act English	2,251	7.5%
Dream Act Spanish	189	0.6%
Chafee Spanish	1	0.0%
Chafee English	1,344	4.5%
APLE English	506	1.7%
APLE Spanish	5	0.0%
MCS English	1,127	3.7%
MCS Spanish	14	0.0%
Total Calls	**30,062**	**100.0%**

CSAC started using the language line in December 2017. These are the latest stats from February 2018. We used the Language Line service to respond to 76 calls:

- 1.3% Arabic (1 call)
- 1.3% Vietnamese (1 call)
- 97.4% Spanish (74 calls)

THE CENTURY FOUNDATION

APPENDIX 5

Analysis of Administrative Steps

CSAC CAL GRANT AND COLLEGE FINANCIAL AID PROCESS

WHO	WHAT	HOW	WHEN
Student AB 540 student	Files FAFSA and submits to Central Processing System (CPS). Requires FSA ID or paper signature. AB 540 students complete the California Dream Act Application (CADA) and submits to CSAC.	Online or by paper to CPS Online to WebGrants or paper to CSAC	• Oct 1 to Mar 2. • Oct 1 to Sep 2 for C2 Competitive. • No deadline and no GPA for Renewal. • CADA is available after Jan 1.
CPS	Sends Student Aid Report (SAR) to student. Lists FAFSA data, EFC, Verification selection, Pell Grant and Loan eligibility, and if EFC not calculated due to missing data.	Email or paper	• 1-3 days if online. • 3-5 days if by paper and has email. • 3 weeks if by paper and no email.
CPS	Sends Institutional Student Information Record (ISIR) to colleges. *(See College Process).*	Electronic file	1-3 days after FAFSA submitted.
CSAC PROCESS			
WHO	**WHAT**	**HOW**	**WHEN**
CPS	Sends ISIR to CSAC if CA address or CA college listed.	Electronic file	1-3 days after FAFSA submitted
CSAC	Loads ISIR data into Grant Delivery System (GDS).	GDS	Oct; daily
CSAC	Loads CADA data into GDS; runs CADA process to calculate EFC; selects students for verification.	Keyed in WebGrants or online	Jan; daily
CSAC	For CADA, sends California ISIR (CA ISIR) to colleges.	WebGrants	1-3 days after CADA submitted; daily
High School	Sends GPA data to CSAC for graduating seniors. Encouraged to include seniors graduated one year out.	Keyed in WebGrants or electronic file or paper	Begins May of junior year until Mar 2
CSAC	Sends GPA Accepted/Rejected Report to HS.	WebGrants	After GPA reported
High School	Works GPA Rejected Report, makes corrections and resubmits to CSAC.	Keyed in WebGrants or electronic file or paper	After GPA Accept/Reject Report
College	Can send GPA Verification data to CSAC for their students. 3 GPA Types: Reestablished, Community College, College	Keyed in WebGrants or electronic file or paper	Prior to Mar 2; CC has second cycle prior to Sep 2.

College	Updates College Cost Estimate on WebGrants.	Keyed in WebGrants	Oct, prior to CSAC Awarding process
CSAC	Matches ISIR and CA ISIR with GPA by using demographics since GPA does not have SSN.	Keyed in WebGrants or electronic file, GDS	Oct; daily
CSAC	After ISIR (and CA ISIR) and GPA matched, creates FA record on GDS and begins Cal Grant Awarding process. Middle Class Scholarship (MCS), Cal Grant C, and Renewal Grants do not require GPA.	GDS	Oct to Mar; Oct to Sep for C2 Competitive; ongoing process until Dec of following year
CSAC	<u>CSAC Cal Grant Awards:</u> E1 = High School Entitlement Mar 2 E2 = Community College Transfer Entitlement Mar 2 C1 = Competitive Mar 2 C = Cal Grant C Mar 2 C2 = Competitive Sept 2 MCS = Middle Class Scholarship Mar 2 *Note: MCS is a Specialized Program*	GDS	Oct 1; daily
CSAC	Application period opens, run E1 Entitlement award cycle	GDS, WebGrants	Oct 1; daily
CSAC	Reviews for New Cal Grant eligibility from ISIR and GPA including: ● US Citizen/eligible noncitizen ● Selective Service ● Not in default on Title IV loan or owe refund ● CA resident ● No prior bachelor's degree ● Enrolled in an eligible program ● Income and asset ceilings ● Financial need ● GPA	GDS	Oct 1; daily
CSAC	Reviews CADA Cal Grant eligibility similar to regular process using CADA data and CA ISIR.	GDS	Jan 1 after CADA is processed; daily
CSAC	Sends California Aid Report (CAR) to student, sends E1 preliminary Cal Grant notice if awarded, includes eligibility for Pell Grant.	Email	Oct; 1-3 days after E1 cycle; daily
CSAC	Notifies college of Cal Grant Award on Cal Grant Roster. Once awarded, no longer evaluates subsequent ISIRs for any changes to FAFSA.	WebGrants	<u>Cal Grant Roster:</u> Jan for E1 Apr for E2 Apr for MCS? May for C Jun for C1 Jul for Renewals Oct for C2
CSAC	Notifies student they must select college.	Email	Feb

Student	Reports changes through WebGrants or paper forms.	WebGrants or paper	Feb; daily
CSAC	Processes changes from college as a result of the college financial aid and verification process from Grant Change Roster or paper.	GDS; Keyed in WebGrants or electronic file	Feb; daily
CSAC	Notifies colleges and students of changes to Cal Grant Award from college financial aid process.	WebGrants	Feb; daily
CSAC	Mar 2 Application closes; Run E2 Transfer Entitlement cycle.	GDS	Mar 2
CSAC	Reviews for E2 Transfer Entitlement eligibility from ISIR including: ● US Citizen/eligible noncitizen ● Selective Service ● Not in default on Title IV loan or owe refund ● CA resident ● No prior bachelor's degree ● Enrolled in an eligible program ● Income and asset ceilings ● Financial need ● GPA	GDS	Mar
CSAC	Sends G-6 Transfer Entitlement Forms to E2 students.	Mail paper	Mar
CSAC	Mar 2 MCS Application closes; Run MCS award process. Reviews MCS students for eligibility, including: ● Attending CSU or UC ● Income and asset ceilings	GDS	Mar
CSAC	Sends MCS award notices to students and college.	WebGrants	Mar
Student	Returns G-6 Transfer Entitlement Form to CSAC.	Mail paper	Apr, daily
CSAC	Keys G-6 Transfer Entitlement forms to review and makes E2 awards: ● Graduated from CA High School after June 30, 2000 and were CA resident when they graduated from HS ● Transferring from CC to 4-year university with no break in attendance	GDS	Apr, daily
CSAC	Sends E2 Transfer Entitlement Award notices to students and college	WebGrants	Apr
CSAC	Run C1 Competitive Scoring Matrix. Run C1 award cycle. Reviews for C1 eligibility from ISIR and GPA including: ● US Citizen/eligible noncitizen	GDS	May

	• Selective Service • Not in default on Title IV loan or owe refund • CA resident • No prior bachelor's degree • Enrolled in an eligible program • Income and asset ceilings • Financial need • GPA		
CSAC	Sends C1 Competitive Award notices to students and colleges.	WebGrants	May
CSAC	Cal Grant C cycle begins, notifies students of possible eligibility, sends student Cal Grant C Supplement Form.	Mail paper	May
Student	Returns Cal Grant C Supplement Form to CSAC.	Mail paper	May
CSAC	Keys Cal Grant C Supplement and makes awards.	GDS	May
CSAC	Sends Cal Grant C notices to students and college.	WebGrants	May
CSAC	Notifies student to confirm HS graduation	Email	May
Student	Confirms High School graduation.	WebGrants for Students	Jun
High School	Confirms High School graduation.	Keyed in WebGrants or electronic file	Jun
CSAC	Confirms HS graduation if not reported with CA Department of Education (CDE).	With CDE	Jun
CSAC	Keys Cal C Supplement, runs cycle, notifies students and colleges of Cal Grant C Award.	GDS, WebGrants	Jun
Student	Sends form to CSAC if awarded Cal Grant and transferring to eligible Cal Grant college.	Paper form	Jun
CSAC	Renewal Cal Grant cycle begins. Reviews for Renewal eligibility including: • CA resident • Have at least 10% remaining eligibility • Have valid transaction for each term of the prior year	GDS	Jul; weekly
CSAC	Send Renewal Cal Grant notices to students and colleges.	WebGrants	Jul; weekly
CSAC	Send Fall Advance to college, 95% of prior Fall reconciliation.	EFT or paper check	Aug
CSAC	Process Cal Grant Roster data from college.	GDS	After data is submitted; daily

CSAC	Process Payment Codes from college. Once payment and adjustment codes are accepted, Payment Status code will reflect AP (Accepted Payment) or AA (Accepted Adjustment).	GDS	After data is submitted; daily
CSAC	Process Payment Cycle. Over weekend, AP and AA will change to RP (Reconciled Payment) or RA (Reconciled Adjustment).	GDS	Weekend process
CSAC	Send Monthly Payment Activity Report to College.	GDS, WebGrants	Aug and monthly process
CSAC	If supplemental funds needed, send Supplemental Payment to college.	EFT or paper check	Aug, after payment cycle, weekly
CSAC	C2 Competitive CC application closes.	GDS	Sep 2
CSAC	Receives enrollment file and GPA file from Community College.	Electronic, GDS	Sep
CSAC	C2 Competitive award cycle run. Send C2 award notice to students and Community College.	GDS, WebGrants	Oct
CSAC	Notifies colleges of year end and deadline to report payments for prior award year.	Email by memos	Sep
CSAC	New award year application period opens; first E1 awards made; first E1 notices sent; E1 runs weekly until next year December.	GDS, WebGrants	Oct 1; daily
CSAC	Notifies colleges payment deadline, review year end reconciliation for prior award year.	Email by memos	Oct
CSAC	Notifies students when Cal Grant A Reserve is coming to end.	Email	Nov
CSAC	GPA collection begins for new award year.	GDS	Nov
CSAC	End of year closeout for prior year, notifies colleges of final invoice if schools pay more than was accepted through reconciliation; conclude Entitlement and Renewal cycle.	GDS, Paper with invoice	Dec
CSAC	Sends invoices to colleges, with payments due by January.	Paper invoice	Jan
CSAC	Final closeout activities.	GDS	Feb
COLLEGE PROCESS			
WHO	**WHAT**	**HOW**	**WHEN**
College	Loads ISIR and CA ISIR data into their computer system. *Note: Colleges do not have a uniform timeframe due to FAM software updates and institutional policies.*	Electronic file to college Financial Aid Management (FAM) system	Jan 1, after FAM system is updated; daily
College	Sends student information regarding FAFSA and CADA receipt and next steps.	Email	After FAM updated; daily

College	Reviews for new Cal Grant Eligibility requirements in addition to other federal requirements:
	● CA Resident or AB 540 eligible
	● US Citizen or eligible non-citizen or AB 540 eligible
	● Selective Service for males
	● Not have earned a bachelor's degree
	● Not be in grant repayment or in default on a student loan
	● Not be incarcerated
	● Enrolled at least half-time
	● Maintain Satisfactory Academic Progress (SAP)
	● Has financial need
	● Meets Income and Asset requirements
	● If Transfer Entitlement Award, meets all requirements
	  o Graduated from CA High School after June 30, 2000 and were CA resident when they graduated from HS
	  o Transferring from CCC to 4-year university with no break in attendance
		College FAM and WebGrants	After FAM updated, and CA ISIR received, and Cal Grant Roster available; daily
			
			<u>Cal Grant Rosters:</u>
			Jan for E1
			Apr for E2
			Apr for MCS?
			May for C
			Jun for C1
			Jul for Renewals
			Oct for C2

College	Reviews CADA Cal Grant students for eligibility requirements and those selected for Verification including: ● IRS Tax Transcripts ● Proof of income if IRS Tax return not filed ● Enrollment in eligible course of study ● Enrollment status	College FAM and WebGrants	Jan 1, after FAM updated, CA ISIR received, and Cal Grant Roster available; daily
UC and CSU	Reviews MCS students for eligibility, including: ● Income and assets below ceilings ● Are receiving less than 40% of their mandatory statewide fees in federal or institutional aid	WebGrants and FAM	Apr?, after FAM updated, CA ISIR received, and Cal Grant Roster available; daily
College	Reviews Cal Grant C Roster for eligibility including: ● Enrolled in vocational, occupational, or technical program	WebGrants and FAM	May, after FAM updated, and CA ISIR received, and Cal Grant Roster available; daily

College	Notifies students what documents and other requirements are needed for federal and state aid.	Email	Mar, after FAM updated; daily
Student	Submits college's request for documents and other requirements.	College FAM, Email, mail, in person, and/or faxes.	Mar, after FAM updated; daily
College	Reviews documents and other requirements from student for acceptability.	College FAM	Mar, after FAM updated; daily
College	Sends FAFSA corrections to CPS. (Same process as FAFSA; CPS will send student SAR and college ISIR).	College FAM, electronic file to CPS	Mar, after FAM updated; daily
College	Loads correction ISIR, review results for accuracy, request documents to resolve conflicting data. Reiterative process until no changes are required.	College FAM	Mar, after FAM updated, after correction ISIR received; daily
College	Report corrections to CSAC on Grant Record Change Screen or paper (G-21 Form).	Keyed in WebGrants or paper	Apr, after ISIR corrections and Cal Grant Roster is received; daily
College	Report Education Level (EL) to CSAC. EL 1 = 1 – 29 units EL 2 = 30 – 59 units EL 3 = 60 – 89 units EL 4 = 90 – 120 units	Keyed inn WebGrants or electronic file	Apri, after ISIR and Cal Grant Roster is received; daily
College	Reviews financial aid award and COA components including living and enrollment status, EFC and Financial Need.	College FAM	Apr, after FAM updated; daily
College	Reviews and updates Funds Management for awards, coordinates funds with institutional, federal, and state sources with Business Office	College FAM, federal and state systems (COD, G-5, WebGrants)	Apr, after FAM updated; daily
College	Packages aid according to institutional, federal and state policies. Some colleges can send preliminary award letters prior to verification completion.	College FAM	Apr, after FAM updated; daily
College	Notifies students of awards with preliminary or official Award Letter.	Email or college portal	Apr, after FAM updated; daily. Some colleges can send early award letters.
College	Adjusts award packages new awards or eligibility changes and notifies student. Cannot receive more than 1 award restricted to tuition and fees.	Email or college portal	Apr, after FAM updated; daily
College	Reviews for Renewal Cal Grant Eligibility in addition to other federal requirements ● CA resident: ● Attend at least half-time ● Meet SAP	College FAM and WebGrants	Jul, after FAM updated, ISIR and CA ISIR received, and Cal Grant Roster available; daily

	• Meet income and asset thresholds • Meet financial need requirements • Meet minimum award need criteria • Have at least 10% remaining eligibility • Have valid transaction for each term of the prior year		
College	Transmits data to Common Origination and Disbursement (COD) system for federal Pell Grant and Student Loan funding	College FAM electronic file to COD	Summer; daily
COD and G-5	Processes COD data and updates COD and makes funds available through G-5 federal payment system.	COD electronic files to college FAM	1-2 days; daily
College	Financial Aid and Business Office review COD and G-5 system for federal funding.	COD, G-5, and college FAM	Prior to Fall term; daily
College	Perform monthly reconciliation for federal aid programs.	COD and college FAM	Aug; monthly
College	Receives Cal Grant Fall Advance, 95% of prior Fall reconciliation. Deposit funds in interest bearing account and monitor interest to return to CSAC.	EFT to college bank account or paper check	Aug; monitor interest earnings
College	Makes Cal Grant and financial aid disbursements to students.	Applies tuition fee amounts, disburses refunds to students	Beginning of Fall term; weekly
College	Reports Cal Grant Payment Activity to report payments and obtain additional Cal Grant funds.	Keyed in WebGrants or electronic file	Aug; weekly
College	Reviews Accept/Reject Payment reports. If rejected, update and transmit corrections, and monitor for Accept/Reject reports.	Keyed in WebGrants or electronic file	Aug; weekly
College	Adjusts amounts for students not attending full-time, prorates award and adjust financial aid packages. FT = Full Time (12 or more units) TT = Three quarter Time (9 – 11 units) HT = Half Time (6 – 8 units)	Keyed in WebGrants or electronic file	Aug, weekly
College	Reviews Monthly Payment Activity Report for reconciliation.	Keyed in WebGrants or electronic file	Aug, monthly
College	Monitor student awards for any changes including withdraw and calculate return funds for federal and state aid.	FAM, COD, Keyed in WebGrants	Aug, weekly
Community College	Sends enrollment data and GPA data for C2 Competitive cycle.	Electronic file in WebGrants	Sep
College	Works with US Department of Education (ED) and FAM vendors to prepare for new aid year cycle.	ED and FAM Vendors	According to ED system update calendar for new

			award year and FAFSA on Oct 1.
College	Works to complete all roster payment adjustments and corrections prior to September 30 for prior award year.	Keyed in WebGrants or electronic file	Prior to Sep 30 deadline
College	Works to close out reconciliation for prior award year. Sends check invoice amount to CSAC if required.	Paper check to CSAC	30 days after invoice
College	Calculates earned interest and sends check to CSAC for prior award year.	Paper check to CSAC	Mar 1

CHAFEE GRANT PROCESS

WHO	WHAT	HOW	WHEN
Student AB 540 student	Files FAFSA and submits to Central Processing System (CPS). Requires FSA ID or paper signature. AB 540 students complete the California Dream Act Application (CADA) and submits to CSAC. Same process as Cal Grant and College process	Online or by paper to CPS Online in WebGrants or paper to CSAC	• Oct 1, no deadline. • CADA is available after Jan 1.
Student	Submits Chafee Grant Application to CSAC. Renewals do not need a subsequent Chafee Grant Application.	Online in WebGrants or paper	?
CSAC	Reviews Chafee Grant eligibility including: • CA Resident • Financial Need Priority awarding criteria: • Paid Renewal students not reached 23 years as of July 1 • New and non-paid renewal students who will be 22 years as of July 1 • New and non-paid renewal students who have dependents • New and non-paid renewal students who have an unmet need of $5,000 or more • New and non-paid renewal students who have unmet need of less than $5,000.	GDS	After Chafee Grant Application received
CSAC	Verifies Foster Youth status with CA Dept. of Social Services (CDSS)	Electronic file?	After Chafee Grant Application is received
Student	If CDSS does not verify Foster Youth status, completes Foster Care Eligibility Certification Form to get certified by county. Sends to CSAC	Paper form	After review with CDSS and no match
CSAC	Processes Foster Care Eligibility Certification Form	Keyed in WebGrants	After Foster Care Eligibility Form received
CSAC	Reviews for Eligibility, awards student, notifies student	GDS, email to student	After all above steps completed
CSAC	Sends funds to college		After award is made
College	Reviews for Eligibility: • Enrolled at least half-time • Enrolled in a program at least one academic year long • Maintain SAP		After notification of award is received

	• Demonstrate Financial Need May need to adjust previously awarded financial aid.		
College	Disburses Chafee Grant to student, reports payment to CSAC.	FAM	After funds are received.
College	Reports Chafee payment to CSAC.	WebGrants	After disbursement is made.

APPENDIX 6

Summary and History of California Financial Aid Programs

The following is general summary of the California financial aid programs administered by the California Student Aid Commission as of Fall 2017. The first section provides a review of all Cal Grant Programs, the largest financial aid program in the state; the second section covers all other state grant or scholarship programs; the final section provides information on loan assumption programs.

Cal grant programs

Cal Grant Awards seek to make postsecondary undergraduate education affordable for qualified students in California. Qualifying institutions where students may receive awards include both public, private non-profit, and private-for profit institutions in California. There are three main categories of Cal Grant Awards, Cal Grants A, B, and C. Cal Grants A and B are broken down into two subcategories, Entitlement and Competitive Awards. Students may qualify for Cal Grant A or Cal Grant B, depending on family income and their academic performance. Students pursuing postsecondary technical, vocational or career education may be eligible for Cal Grant C.

In general, aid applicants may only be considered for Cal Grant Entitlement Awards within one year of their high school graduation date unless they are transferring to 4-year postsecondary program from a California Community College (CCC). Otherwise, they may be considered for competitive awards. Program details and the legislative history for each type of Cal Grant Entitlement Award, A and B, are presented below, followed by the program details and legislative history for Cal Grant Competitive Awards, A and B, followed by the details and history for Cal Grant C.

Cal grant A entitlement awards

PROGRAM OVERVIEW:

Authorizing legislation (main): 2000 Senate Bill No. 1644: Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act

Program purpose and description: Cal Grant A Awards seek to make postsecondary education at California 4-year postsecondary institutions affordable for qualified students. Cal Grant A awards may be renewed for a total of the equivalent of four years of full-time attendance in an undergraduate program provided that minimum financial need continues to exist. However, Cal Grant A Entitlement Awards are only available to recent high school graduates or students who are transferring to a 4-year institution from a CCC. Cal Grant A Entitlement Awards may be used for tuition or student fees, or both, by students pursuing a postsecondary program that is not less than two academic years. Award amounts vary based on institution type. Students who qualify for a Cal Grant A Entitlement Award but choose to first attend a CCC and then transfer to a four-year college in California may put their award on reserve. CCC students who were not eligible for an award upon high school graduation but who attend a CCC and transfer to a qualifying 4-year institution may be eligible for a transfer entitlement award.("Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act," 2000).

Institutional Requirements:

Qualifying institutions for Cal Grant A Awards are not CCCs that have a federal student loan Cohort Default Rate (CDR) below 15.5 percent and a graduation rate above 30 percent and must meet one of the following criteria:

- Is a California private or independent postsecondary educational institution that participates in the Pell Grant Program and in at least two of the following federal student aid programs:
  a) Federal Work-Study Program.
  b) Federal Stafford Loan Program.
  c) Federal Supplemental Educational Opportunity Grant Program.

- Is a nonprofit institution headquartered and operating in California that certifies to the California Student Aid Commission (CSAC) that a) 10 percent of the institution's operating budget, as demonstrated in an audited financial statement, is expended for purposes of institutionally funded student financial aid in the form of grants, b) demonstrates to CSAC that it has the administrative capacity to administer the funds, c) is accredited by the Western Association of Schools and Colleges, and d) meets any other state-required criteria adopted by regulation by CSAC in consultation with the California Department of Finance.[1]
- A California public postsecondary educational institution. ("Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act," 2000)

Eligibility determination and award process: Eligibility for a Cal Grant A is determined following two standards: general Cal Grant eligibility requirements and Entitlement specific requirements. To meet general Cal Grant requirements, applicants must:

- Be a California Resident or AB 540 eligible.[2]
- Be a U.S. Citizen or eligible non-citizen
- If male, have met Selective Service Requirements.
- Attend a Cal Grant eligible school.
- Have not earned a bachelor's degree.
- Not be in grant repayment or in default on a student loan.
- Not be incarcerated.
- Be enrolled at least half-time to receive payment.
- Maintain satisfactory academic progress to receive payment.

Specific Cal Grant A requirements:

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[1] A regionally accredited institution that was deemed qualified by the commission to participate in the Cal Grant Program for the 2000–01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.
[2] Assembly Bill 540 (Stats. 2001, ch. 814) added a new section, 68130.5, to the California Education Code, thereby creating a new exemption from payment of non-resident tuition for certain non-resident students who have attended high school in California and received a high school diploma or its equivalent. AB 2000 expanded the scope of AB 540 in 2014.

- Student has demonstrated financial need.
- Student has attained a high school GPA of at least 3.0. (only applies to recent high school graduates)
- The student's household has an income and asset level not to exceed the Cal Grant A level set forth by CSAC.[3]
- Student must be enrolled in an undergraduate program that no less than two years. A student enrolled in a program at a California Community College that is two years or less who meets Cal Grant A eligibility standards may have their award held in reserve for up to two years until he or she attends a qualifying institution.

Specific Cal Grant Entitlement Award Requirements for recent high school graduates: Students meeting the above requirements who attend a qualifying institution are guaranteed a Cal Grant A award if they apply for aid by March 2 of their senior year in high school or the year following graduation.

Specific Cal Grant Entitlement Award Requirements for transfer students: Students who were not previously awarded a Cal Grant but are enrolled in a CCC and are matriculating to a qualifying baccalaureate program are guaranteed a Cal Grant A award as long as they meet the specific Cal Grant A requirements above, are younger than 28 years of age and have a verified community college GPA of 2.40 on a minimum of 24 semester units or the equivalent.

In order to be awarded a Cal Grant A Entitlement Award a student must complete three steps:

1. Submit a Free Application for Federal Student Aid (FAFSA) or CA Dream Act Application
2. Submit a high school (or community college) GPA to CSAC
3. Create a "WebGrants for Students" account. ("Cal Grant Programs," 2012)

LEGISLATIVE HISTORY:

Originating legislation: 2000 Senate Bill No. 1644: Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act

Original legislative intent: To expand the existing, competitive Cal Grant Program through a two-tiered approach that would guarantee a grant to graduating high school seniors and specified transfer students.

Narrative history from original to current: Before the sweeping reforms made to Cal Grants in 2000, there were no comprehensive entitlement-based awards in California. Previous legislation established subsistence grants which helped create Cal Grant B as we know it today, but none of the programs established previously guaranteed funding to all students who met the academic and financial requirements ("The State Scholarship Subsistence Act" 1967). Funding and amount allocation is decided by the annual budget act, where funds are appropriated based on a line item in the yearly budget. The current iteration of this funding can be found in AB No. 97 ("Budget Act of 2017," 2017). There have been additional legislative revisions to this and other Cal Grant programs which are summarized in the Appendix, table 4.

CAL GRANT B ENTITLEMENT AWARDS

[3] In 2015-16 the Cal Grant A income ceiling for a four-person household was $87,200. The asset ceiling was $67,500 and $32,100 for dependent and independent students, respectively.

PROGRAM OVERVIEW:

Authorizing legislation (main): 2000 Senate Bill No. 1644: Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act

Program purpose and description: Cal Grant B Awards assist qualifying low-income students with the cost of a 4-year, 2-year or vocational degree or certificate at a California postsecondary institution. Cal Grant B awards may be renewed for a total of the equivalent of four years of full-time attendance in an undergraduate program provided that minimum financial need continues to exist. However, Cal Grant B Entitlement Awards are only available to recent high school graduates or students who are transferring to a 4-year institution from a CCC. Cal Grant B Entitlement Award recipients receive a stipend for access costs for the first year in which they qualify, regardless of institution type. After completing their first year of college, they receive the access stipend as well as tuition and fee assistance at any qualifying institution, assuming they continue to meet the financial requirements. ("Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act," 2000).

Institutional Requirements:

Qualifying institutions for Cal Grant B Awards are have a federal student loan Cohort Default Rate (CDR) below 15.5 percent and a graduation rate above 30 percent and must meet one of the following criteria:

- Is a California private or independent postsecondary educational institution that participates in the Pell Grant Program and in at least two of the following federal student aid programs:
    - d) Federal Work-Study Program.
    - e) Federal Stafford Loan Program.
    - f) Federal Supplemental Educational Opportunity Grant Program.

- Is a nonprofit institution headquartered and operating in California that certifies to the California Student Aid Commission (CSAC) that a) 10 percent of the institution's operating budget, as demonstrated in an audited financial statement, is expended for purposes of institutionally funded student financial aid in the form of grants, b) demonstrates to CSAC that it has the administrative capacity to administer the funds, c) is accredited by the Western Association of Schools and Colleges, and d) meets any other state-required criteria adopted by regulation by CSAC in consultation with the California Department of Finance.
- A California public postsecondary educational institution. ("Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act," 2000)

Eligibility determination and award process: Eligibility for a Cal Grant A or B Entitlement Award is determined following two standards: general Cal Grant eligibility requirements and Entitlement specific requirements. To meet general Cal Grant requirements, applicants must:

- Be a California Resident or AB 540 eligible.[4]
- Be a U.S. Citizen or eligible non-citizen

[4] Assembly Bill 540 (Stats. 2001, ch. 814) added a new section, 68130.5, to the California Education Code, thereby creating a new exemption from payment of non-resident tuition for certain non-resident students who have attended high school in California and received a high school diploma or its equivalent. AB 2000 expanded the scope of AB 540 in 2014.

- If male, have met Selective Service Requirements.
- Attend a Cal Grant eligible school.
- Have not earned a bachelor's degree.
- Not be in grant repayment or in default on a student loan.
- Not be incarcerated.
- Be enrolled at least half-time to receive payment.
- Maintain satisfactory academic progress to receive payment.

Specific Cal Grant B requirements:

- Student has demonstrated financial need
- Attained a high school GPA of at least 2.0 (only applies to recent high school graduates)
- The student's household has an income and asset level not to exceed the Cal Grant B level set forth by CSAC[5]
- Student is a current high school senior or prior year high school graduate.

Specific Cal Grant Entitlement Award Requirements for recent high school graduates: Students meeting the above requirements who attend a qualifying institution are guaranteed a Cal Grant A award if they apply for aid by March 2 of their senior year in high school or the year following graduation.

Specific Cal Grant Entitlement Award Requirements for transfer students: Students who were not previously awarded a Cal Grant but are enrolled in a CCC and are matriculating to a qualifying baccalaureate program are guaranteed a Cal Grant B award as long as they meet the specific Cal Grant B requirements above, are younger than 28 years of age and have a verified community college GPA of 2.40 on a minimum of 24 semester units or the equivalent.

In order to be awarded a Cal Grant B Entitlement Award a student must complete three steps:

4. Submit a Free Application for Federal Student Aid (FAFSA) or CA Dream Act Application
5. Submit a high school GPA to CSAC
6. Create a "WebGrants for Students" account. ("Cal Grant Programs," 2012)

LEGISLATIVE HISTORY:

Originating legislation: 1967 Senate Bill No. 160: The State Scholarship Subsistence Act (This act is considered the precursor to Cal Grant B.)

Original legislative intent: To create a program that provides grants to cover the cost of books and room and board, for low-income students who are eligible to enroll in both private and public postsecondary institutions ("The State Scholarship Subsistence Act," 1967).

Narrative history from original to current: Before the sweeping reforms made to Cal Grants in 2000, there were no comprehensive entitlement-based awards in California. Previous legislation established subsistence grants which helped create Cal Grant B as we know it today, but none of the programs established previously

[5] In 2015-16 the Cal Grant B income ceiling for a four-person household was $45,800. The asset ceiling was $67,500 and $32,100 for dependent and independent students, respectively.

guaranteed funding to all students who met the academic and financial requirements ("The State Scholarship Subsistence Act" 1967) . In 2014, legislation was passed to increase the maximum amount awarded for all Cal Grant B awards, to better take into account the increase in cost of living in California (2014). Funding and amount allocation is decided by the annual budget act, where funds are appropriated based on a line item in the yearly budget. The current iteration of this funding can be found in AB No. 97 ("Budget Act of 2017," 2017). There have been additional legislative revisions to this and other Cal Grant programs which are summarized in the Appendix, table 4.

CAL GRANT A COMPETITIVE AWARDS

PROGRAM OVERVIEW:

Authorizing legislation (main): 2000 Senate Bill No. 1644: Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act

Program purpose and description: Cal Grant Competitive Awards were created to provide financial assistance to students who are not eligible for entitlement awards, e.g., students in their third year at a qualifying institution. Given that a limited quantity of awards are available (originally, the legislation established a total 22,500 competitive awards for both Cal Grants A and B, but as of 2015-16, the total is 25,750 awards), 50 percent of available awards are available to all California residents attending a postsecondary institution in California, including community college students. The other 50 percent of available awards are reserved solely for residents who will be enrolled at a CCC. As with the Entitlement Awards, the Competitive Awards program provides both Cal Grant A and B awards, but since Cal Grant A awards are not used at CCCs, up to only 12,875 awards could be awarded as Cal Grant A. Cal Grant A Competitive Awards may be used to cover the same types of expenses as Cal Grant A Entitlement Awards. ("Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act," 2000).

Eligibility determination and award process: To be eligible for Cal Grant A Competitive Awards, the applicant must not be currently awarded an Entitlement award and must meet general Cal Grant requirements. The student must also meet the specific requirements for Cal Grant A, excluding the requirement that they must be no more than one year removed from high school. Selection criteria were established to give special consideration to disadvantaged students, taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper a student's access to, and ability to persist in, postsecondary education programs. Due to the limited number of awards relative to qualifying applicants, California Dream Act applicants currently do not receive Cal Grant Competitive Awards. ("Cal Grant Competitive Awards," 2012).

Institutional Requirements: The same requirements for Cal Grant A Entitlement Awards apply to Competitive Awards.

LEGISLATIVE HISTORY:

Originating legislation: 1955 Assembly Bill No. 1546: The Hegland-Shell-Donahoe and Donald Doyle Act

Original legislative intent: This Act established competitive scholarships administered by the State. Students must demonstrate financial need and be approved by the State Scholarship Commission to receive one of the awards. In the original legislation grants were awarded to two individuals of each senatorial senate and assembly district (240 individual scholarships), as well as 400 at-large scholarships for the state. The intent of this original legislation was to increase the number of available scholarships each year ("The Hegland, Shell, Donahoe, and Donald Doyle Act," 1955).

Narrative history from original to current: The first time competitive state-based aid was recommended came in 1948 with the Strayer Committee Report on the Needs of California in Higher Education. This report proposed establishing competitive subsistence scholarships for individuals that demonstrated outstanding ability and were actually in need of financial aid (Strayer, 1948). Seven years after this report was published the Hegland-Shell-Donahoe and Donald Doyle Act was passed, in 1955, creating a competitive scholarship that would cover tuition and fees, but not subsistence needs (i.e. living expenses)

("The Hegland, Shell, Donahoe, and Donald Doyle Act," 1955). In 2000, when the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act was passed it created the Competitive Cal Grant A & B programs as they are known today. Like Entitlement Awards, funding and amount allocation is decided by the annual budget act, currently AB No. 97 ("Budget Act of 2017," 2017).

CAL GRANT B COMPETITIVE AWARDS

PROGRAM OVERVIEW:

Authorizing legislation (main): 2000 Senate Bill No. 1644: Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act

Program purpose and description: Cal Grant Competitive Awards were created to provide financial assistance to students who are not eligible for entitlement awards, e.g., students in their third year at a qualifying institution. Given that a limited quantity of awards are available (originally, the legislation established a total 22,500 competitive awards for both Cal Grants A and B, but as of 2015-16, the total is 25,750 awards), 50 percent of available awards are available to all California residents attending a postsecondary institution in California, including community college students. The other 50 percent of available awards are reserved solely for residents who will be enrolled at a CCC. As with the Entitlement Awards, the Competitive program provides both Cal Grant A and B awards but since at least half of awards are reserved for students enrolled at a CCC and Cal Grant A awards cannot be used there, most of the Competitive Awards are awarded as Cal Grant B. Cal Grant B Competitive Awards may be used to cover the same types of expenses as Cal Grant B Entitlement Awards. ("Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act," 2000).

Eligibility determination and award process: To be eligible for Cal Grant Competitive Awards the applicant must not be currently awarded an Entitlement award and must meet general Cal Grant requirements. The student must also meet the specific requirements for Cal Grant B, excluding the requirement that they must be no more than one year removed from high school. Selection criteria were established to give special consideration to disadvantaged students, taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper a student's access to, and ability to persist in, postsecondary education programs. Due to the limited number of awards relative to qualifying applicants, California Dream Act applicants currently do not receive Cal Grant Competitive Awards.("Cal Grant Competitive Awards," 2012).

Institutional Requirements: The same requirements for Cal Grant Entitlement Awards apply to Competitive Awards.

LEGISLATIVE HISTORY:

Originating legislation: 1955 Assembly Bill No. 1546: The Hegland-Shell-Donahoe and Donald Doyle Act

Original legislative intent: This Act established competitive scholarships administered by the State. Students must demonstrate financial need and be approved by the State Scholarship Commission to receive one of the awards. In the original legislation grants were awarded to two individuals of each senatorial senate and assembly district (240 individual scholarships), as well as 400 at-large scholarships for the state. The intent of this original legislation was to increase the number of available scholarships each year ("The Hegland, Shell, Donahoe, and Donald Doyle Act," 1955).

Narrative history from original to current: The first time competitive state-based aid was recommended came in 1948 with the Strayer Committee Report on the Needs of California in Higher Education. This report proposed establishing competitive subsistence scholarships for individuals that demonstrated outstanding ability and were actually in need of financial aid (Strayer, 1948). Seven years after this report was published the Hegland-Shell-Donahoe and Donald Doyle Act was passed, in 1955, creating a competitive scholarship that would cover tuition and fees, but not subsistence needs (i.e. living expenses) ("The Hegland, Shell, Donahoe, and Donald Doyle Act," 1955). In 2000, when the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act was passed it created the Competitive Cal Grant A & B programs as they are known today. Like Entitlement Awards, funding and amount allocation is decided by the annual budget act, currently AB No. 97 ("Budget Act of 2017," 2017). There have been additional legislative revisions to this and other Cal Grant programs which are summarized in the Appendix, table 4.

CAL GRANT C

PROGRAM OVERVIEW:

Authorizing legislation (main): 2000 Senate Bill No. 1644: Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act

Program purpose and description: Cal Grant C awards are to be used for occupational or technical training for a course of at least four months in duration and not to exceed two years. Grant money can be applied to tuition, fees and training-related costs. The total number of Cal Grant C awards is established in state law as the number awarded in the 2000-01 fiscal year, which was 7,761 awards (SB 1644, 2000).

Eligibility determination and award process: In addition to the general Cal Grant eligibility requirements, Cal Grant C applicants are recommended to submit their GPA, as this is a competitive scholarship, but there is no minimum GPA required.

LEGISLATIVE HISTORY:

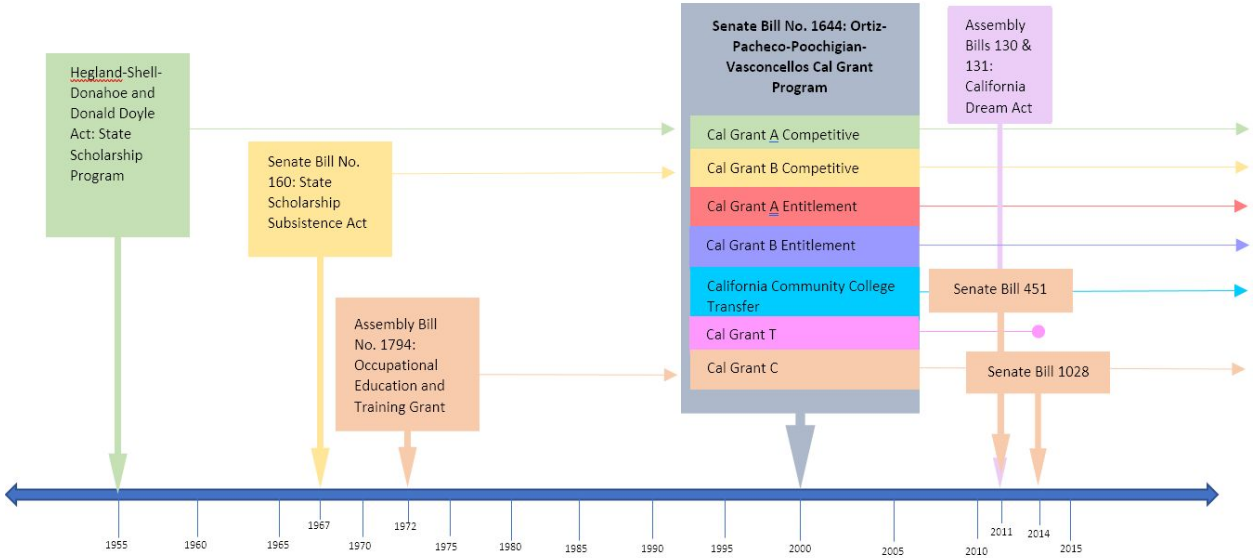
Originating legislation: 1972 Assembly Bill No. 1794

Original legislative intent: This legislation created the Occupational Education and Training Grant Program. This pilot program provided competitive scholarships for students interested in pursuing occupational education and training (1972).

Narrative history from original to current: In 1972, a pilot program was created with AB 1794 that established a fund to provide competitive scholarships for students pursuing occupational education and training. The original duration of this program was established to last until 1977 (1972). The Cal Grant C program was included in the 2000 legislation which determines the program structure as it exists today. In 2011, SB 451 was passed which requires CSAC to review every 5 years the eligible occupational and technical training programs for Cal Grant C. (SB 451, 2011) In 2014, SB 1028 amended the Unemployment Insurance Code, giving CSAC greater

discretion in the weight it gives to applicants with specified challenges. Funding and amount allocation is decided by the annual budget act, currently AB No. 97 ("Budget Act of 2017," 2017). There have been additional legislative revisions to this and other Cal Grant programs which are summarized in the Appendix, table 4.

TIMELINE OF LEGISLATION AUTHORIZING CAL GRANT PROGRAMS: 1955-2015



OTHER GRANT OR SCHOLARSHIP PROGRAMS

CALIFORNIA DREAM ACT

PROGRAM OVERVIEW:

Authorizing legislation (main): 2011 Assembly Bill 130: California Dream Act

Program purpose and description: While not a separate scholarship program, the California Dream Act established that a student who is not eligible to complete the Free Application for Federal Student Aid (FAFSA) due to their citizenship status in the United States can still apply for and be eligible for financial aid programs, including the Cal Grant Entitlement Awards. ("California Dream Act," 2011).

Eligibility determination: In order to be eligible for exemption status a student must complete the Dream Act Application (CADAA) instead of the FAFSA. Once submitted the CADAA is then passed on to the colleges listed on the application so that the institution may award aid. The CADAA can also be used in lieu of a FAFSA application for students who wish to apply for Cal Grants and other state-based aid programs ("California Dream Act FAQ for Parents and Students," 2017).

LEGISLATIVE HISTORY:

Originating legislation: 2001 Assembly Bill 540

Original legislative intent: Assembly Bill 540 amended the California Education Code to include section 68130.5. This section created the exemption of paying nonresident tuition for students and established the criteria a student must meet to be eligible for this exemption ("California Assembly Bill 540," 2001). AB 540 also allows eligible non-citizens to apply for and receive Cal Grants, Chafee Grants, and the Middle Class Scholarship.

Narrative history from original to current: Following Assembly Bill 540 in 2001, both Assembly Bill 130 and 131 were passed in 2011. Assembly Bill 130 established the California Dream Act as it is known currently, while Assembly Bill 131 established the administrative requirements of postsecondary institutions and CSAC (California Assembly Bill 131, 2011). In 2014 Assembly Bill 2000 amended the Education Code to broaden the scope of who may qualify to be exempt from nonresident tuition. Previously, students were exempt if they had attended high school in California for 3 or more years. Now, students are exempt if they fulfill the above requirement or earned credits in a California high school equivalent to three or more years of high school and attended at least three years of elementary or secondary education in California (California Assembly Bill 2000, 2014).

CALIFORNIA MIDDLE CLASS SCHOLARSHIP PROGRAM

PROGRAM OVERVIEW:

Authorizing legislation (main): 2013 Assembly Bill No. 94: Education finance: higher education.

Program purpose and description: The Middle Class Scholarship Program provides scholarships to students enrolled in a California State University or the University of California whose annual household incomes and asset levels do not exceed $150,000 (as of 2015-16), and who do not qualify for Cal Grant awards. The income and asset ceiling is adjusted annually to reflect increases to the cost of living. In its first year, award amounts covered up to 40 percent of tuition and fees.

Eligibility determination and award process: To be eligible for the scholarship, students must meet the annual household income and household asset level requirements. The maximum annual household income and household asset level is $150,000 in the 2015-16 academic year, but the maximum income level and maximum household asset level will be adjusted yearly for awards issued starting in the 2016-17 academic year and in each subsequent year, according to adjustments in the cost of living. In addition to financial requirements, students must meet general eligibility requirements for Cal Grants under Section 69433.9 of

the California Education Code, which requires that applicants be citizens of the United States or noncitizens eligible for financial aid; not incarcerated; not in default on any student loans; a resident of California as of high school graduation; and a high school graduate or equivalent. To apply, students must complete a FAFSA and maintain satisfactory academic progress (a 2.0 GPA), be enrolled at least part-time, and be pursuing their first bachelor's degree or enrolled in professional teacher training at an institution approved by the California Commission on Teacher Credentialing. In addition to students enrolled at CSUs and UCs, students enrolled in upper-division coursework in baccalaureate programs at community colleges are also eligible.

The award amount a student receives is determined by their annual household income and the amount of any other financial aid they receive. For each $1000 the student's household income exceeds $100,000, the percentage of tuition and fees covered by the scholarship decreases in increments of 0.6 percent to a minimum of 10 percent of tuition and fees covered. The minimum award amount is $90 for full-time enrollment, if 10% of the student's tuition and fees is less than $90. The program will be phased in over four years, with the maximum award amount in 2014-15 starting at 35 percent of the total scholarship amount the student would otherwise receive, and increasing to 50 percent in 2015-16 and 75 percent in 2016-17. Students may renew their award for the equivalent of four years of full-time attendance at their undergraduate program (or for community college students in baccalaureate programs, two years of upper-level coursework), though starting in 2016-17, the number of years that students will eligible for grants depends on the student's education level within their program (California Education Code 700290.2, Article 22).

LEGISLATIVE HISTORY:

Originating legislation: 2013 Assembly Bill No. 94: Education finance: higher education

Original legislative intent: The program aims to make higher education more affordable for middle-class California undergraduate students, who are not eligible for Cal Grants and are especially affected by rising tuition costs (California State Assembly Democratic Caucus, 2014).

Narrative history from original to current: The Middle Class Scholarship Program was established by Assembly Bill No. 94 (2013) in 2013. Senate Bill No. 103 (2015) required that CSAL annually adjust the annual income ceilings to reflect changes in the cost of living. In 2017, Governor Jerry Brown initially proposed to phase out the Middle Class Scholarship in his proposed budget (Brown, 2017), but later signed the 2017-18 Budget Act ("Budget Act of 2017," 2017) maintaining it.

CALIFORNIA CHAFEE GRANT

PROGRAM OVERVIEW:

Authorizing legislation (main): H.R. 2873, or the Promoting Safe and Stable Families Amendments of 2001

Program purpose and description: The California Chafee Grant Program provides funds for youth who were in foster care between the ages of 16 and 18 to pursue education and training. Funding for the program comes from both the federal and state governments: the federal government allots funds to each state based on the size of their foster youth population, and the state must match 20 percent of those funds. Federal funds allotted to states are made available for two years. States may also request additional funds, as well as release funds to be reallocated to other states if they determine that they will not spend their entire allocation. If states do not spend their entire allocation and do not release their funds to other states, they must return the unspent funds to the U.S. Treasury ("Promoting Safe and

Stable Families Amendments of 2001," 2001). In California, the California Department of Social Services contracts with CSAC through an interagency agreement to administer the Chafee Grant program (California Department of Social Services, 2015). Although the program is not governed by higher education law, Chafee grants must be coordinated with other financial aid so that the total aid amount provided to students does not exceed their total cost of attending (Cochrane and Szabo-Kubitz, 2009).

Eligibility determination and award process: Eligibility for the program is determined by whether the student had been eligible for foster care between the ages of 16 and 18, and by their age when they apply. Foster youth age out of the foster care system when they turn 18. The Chafee Program, which includes Chafee Grants, is intended to provide services to former foster youth who have turned 18 but have not yet reached 21. However, students who have reached age 21 may stay eligible for renewal until they reach age 23 if they are enrolled in postsecondary education or a training program, and are on track to complete their program ("Promoting Safe and Stable Families Amendments of 2001," 2001). Students must also be enrolled at least half-time in an eligible college or career and technical school in a course of study at least one year long, and must maintain satisfactory academic progress (Chafee Grant Program Application, 2016).

To apply for a California Chafee grant, applicants must submit a FAFSA or a California Dream Act Application if they do not have a Social Security number. They must also submit a California Chafee Grant Application ("California Chafee Grant for Foster Youth," 2015).

Students receive up to $5000 a year for the cost of attendance, including tuition and fees, books, room and board, and other expenses, though the amount they receive may not exceed their cost of attendance ("Promoting Safe and Stable Families Amendments of 2001," 2001).

LEGISLATIVE HISTORY:

Originating legislation: H.R. 2873, or the Promoting Safe and Stable Families Amendments of 2001

Original legislative intent: To assist foster youth aging out of the foster care system in their transition to self-sufficiency, through education, vocational training, health and financial services, and other supports.

Narrative history from original to current: Chafee Grants were established under a federal bill, H.R. 2873, or the Promoting Safe and Stable Families Amendments of 2001, which amended the Foster Care Independence Act of 1999. Section 477 of the Foster Care Independence Act is the John H. Chafee Foster Care Independence Program, which provides states with funding to assist foster youth aging out of the foster care system in their transition to self-sufficiency ("Foster Care Independence Act of 1999," 1999). H.R. 2873 specifically amended the Foster Care Independence Act of 1999 by making vouchers for postsecondary education and training available to youths aging out of foster care ("Promoting Safe and Stable Families Amendments of 2001," 2001). In 2016 California passed AB 2506, requiring that new Chafee Grants could only be used at institutions that also met Cal Grant eligibility standards.

CALIFORNIA NATIONAL GUARD EDUCATION ASSISTANCE AWARD PROGRAM (CNG EAAP)

PROGRAM OVERVIEW:

Authorizing legislation (main): 2009 Senate Bill No. 647: California National Guard Education Assistance Award Program

Program purpose and description: The California National Guard Education Assistance Award Program provides educational assistance to members of the California National Guard. Members of the State Military Reserve and Naval Militia are also eligible.

Eligibility determination and award process: To be eligible to apply for the award, an individual must be a California resident (for over a year before applying), an active member of the National Guard, State Military Reserve, or Naval Militia who has served for at least two years, and be registered or enrolled at a Cal Grant-eligible postsecondary institution. In addition, the applicant must agree to use the award toward a postsecondary credential that they have not already attained, and must enroll in the equivalent of at least 3 academic units per semester (2009). To apply, applicants must fill out a FAFSA and submit an application to the Adjutant General, who commands the state's National Guard. Awardees are selected on the basis of merit, not need: The Adjutant General selects award recipients based on both a consideration of the skills most needed by the National Guard and a consideration of the applicant's ability, which is evaluated with reference to the applicant's specific rank and occupation, an officer evaluation report, a recommendation from the applicant's commander, any commendations received by the applicant, and an essay written by the applicant on the importance of education to him or her (2009).

CSAC issues award funding to recipients, and is then reimbursed by the Military Department through an interagency agreement. The number of awards each year is determined by the number authorized in the Budget Act, and cannot exceed 1000. The amounts of CNG EAAP awards are tied to the amounts of Cal Grant awards: those attending CSUs or UCs are awarded the maximum amount of a Cal Grant A award, and those attending private institutions are awarded the maximum amount of a Cal Grant A award for a UC student. Those using the award for graduate study may be awarded up to the maximum amount for a Cal Grant A award plus $500 for materials such as textbooks, and those attending community colleges are awarded the maximum amount of a Cal Grant B award. The award amount may not cover more of the cost of the student's education than the amount left over after other financial aid is accounted for. Students cannot receive both a Cal Grant and the CNG EAAP at the same time. The award may be renewed for each academic year for up to four years of full-time enrollment or however long the applicant would be eligible for a Cal grant (2009).

LEGISLATIVE HISTORY:

Originating legislation: 2009 Senate Bill No. 647: California National Guard Education Assistance Award Program

Original legislative intent: The program is intended to boost retention of National Guard members, particularly "the most competent and capable members," as well as to encourage them to increase their capabilities by pursuing higher education (2009). More highly skilled members of the National Guard would contribute to a more skilled workforce in California in general, as National Guard members often hold civilian jobs. Higher retention rates would ultimately save money for the state of California, which must provide funding for each member of the National Guard, and would increase federal funding as well (2009).

Narrative history from original to current: The legislation originating the program was a Senate bill, SB 647, introduced in 2009, with National Guard members able to apply starting January 1 of the 2009-10 academic year.

As written, the program is scheduled to sunset on July 1, 2019. An analysis by the California Legislative Analyst's Office examined the program's effectiveness and recommended that the program be allowed to sunset, due to lack of participation and uncertain outcomes (Taylor, 2016).

CHILD DEVELOPMENT GRANT PROGRAM

PROGRAM OVERVIEW:

Authorizing legislation (main): 2002 Assembly Bill No. 2811: Student financial aid: Child Development Teacher and Supervisor Grant Program

Program purpose and description: The Child Development Teacher and Supervisor Grant Program provides grants to students at California public or private two- or four-year institutions who intend to obtain a permit to teach or supervise in the field of child care and development at a licensed children's center (Cal. Education Code § 69620-69628).

Eligibility determination and award process: Students are nominated to the program by a Child Development Grant Coordinator, who may be a faculty or staff member at the student's postsecondary institution ("Child Development Grant 2011-12 Nomination and Application Packet," 2011). Coordinators may nominate as many students at the institution as qualify. To be nominated to the program, a student must be enrolled in a course of study that leads to a Child Development Permit at the Teacher, Master Teacher, Site Supervisor, or Program Director levels. (Child Development Permits are issued by the Commission on Teacher Credentialing and authorize an individual to serve in child care and development programs as an Assistant, Associate, Master Teacher, Site Supervisor, or Program Director ["Child Development Permits," 2016].)

The grant program also includes contractual obligations for students after they have completed their course of study: applicants must agree to work full time in a licensed child care center for one year for each year that they receive the grant and to provide CSAC with verifying documentation.

Funding for the program comes from federal funds made available through the Child Development Block Grant Act of 1990 (P.L. 97-35). Up to 100 grants are awarded each year, or as many as are possible given the amount of federal funds. For students at four-year institutions who are enrolled at least half-time, the grant amount is $2000 for each academic year, while for their counterparts at two-year institutions the grant amount is $1000. Students may renew their grants for up to one additional year (Cal. Education Code § 69624).

LEGISLATIVE HISTORY:

Originating legislation: 1997 Assembly Bill No. 957

Original legislative intent: The legislative intent is to attract students into the field of child care and development.

Narrative history from original to current: In 1997, via Assembly Bill No. 957, the Child Development Teacher and Supervisor Grant Program was established to replace the existing Child Development Teacher Loan Assumption program, which had been established in 1992. Although intended to attract students into the child care and development field, the loan assumption program suffered from low participation rates. CSAC, which sponsored AB 957, hoped that turning the loan assumption program into a grant program would attract more students into child care at about the same cost, as the grant program would provide awards in about the same amounts as the loans the previous program had assumed (1997).

The 1997 bill was written so that the program would sunset in 2002. Assembly Bill 2811 was enacted in 2002 to repeal the Child Development Teacher Loan Assumption program, extend the grant program indefinitely, and make several amendments to it (2002). However, beginning in 2017-18, the program will no longer offer new awards ("Child Development Grant Program," 2012).

LAW ENFORCEMENT PERSONNEL DEPENDENTS GRANT PROGRAM (LEPD)

PROGRAM OVERVIEW:

Authorizing legislation (main): 1969 Assembly Bill No. 473

Program purpose and description: The Law Enforcement Personnel Dependents Grant Program (LEPD) offers scholarships to the spouses and children of California law enforcement officers who have been killed or totally disabled as a result of external violence or physical force in the line of duty. California firefighters, as well as employees of the Department of Corrections and the Department of Youth Authority in California, are included along with law enforcement officers.

Eligibility determination and award process: To be eligible to apply, the applicant must be enrolled as an undergraduate student in at least six units at a California two- or four-year postsecondary institution accredited by the Western Association of Schools and Colleges (WASC) (institutions that are candidates for accreditation by WASC also qualify) ("Law Enforcement Personnel Dependents (LEPD) Grant Program Fact Sheet," 2006). In addition, the applicant must demonstrate financial need through the Student Aid Report generated by filling out a FAFSA form. To apply, applicants file an LEPD grant application and include documents to prove that they are eligible for the scholarship. These documents include the Student Aid Report; birth certificates, which are required for the children of law enforcement officers; and death certificates and other documentation necessary to show that the officer was killed or disabled by external violence or physical force in the performance of duty. Applicants must also prove, through findings of the Workers' Compensation Appeals Board or other evidence, that the death or disability is compensable under Division 4.0 or 4.5 (starting with Section 6100) of the California Labor Code ("Law Enforcement Personnel Dependents (LEPD) Grant Program Fact Sheet," 2006).

The scholarship amount that a student receives under the LEPD matches the amount that a student would receive for a Cal Grant scholarship. In addition, LEPD grant recipients are not precluded from receiving Cal Grants (Cal. Labor Code § 4709).

LEGISLATIVE HISTORY:

Originating legislation: 1969 Assembly Bill No. 473

Original legislative intent: To provide workmen's compensation to the spouses and dependents of law enforcement officers killed in the line of duty.

Narrative history from original to current: Assembly Bill 473 added section 4709 to the California Labor Code in 1969 (1969).

LOAN ASSUMPTION PROGRAMS

ASSUMPTION PROGRAM OF LOANS FOR EDUCATION (APLE)

PROGRAM OVERVIEW:

Authorizing legislation (main): 1985 Senate Bill No. 1208

Program purpose and description: The Assumption Program of Loans for Education (APLE) is a state-funded, competitive loan forgiveness program for K-12 teachers and students training to become teachers. APLE consists of three distinct programs for slightly different populations: current participants, district interns, and credentialed teachers. District interns are those participating in an alternative certification program run by a public education entity, leading to a teaching credential (Cal. Education Code § 44381).

Eligibility determination and award process: To be eligible for the program, students must meet the following eligibility requirements throughout the payment period (Cal. Education Code § 69613):

- Be in a program leading to a teacher credential; one of the following:
  - Completed at least 60 units and enrolled in an academic program leading to a bachelor's degree at an eligible postsecondary institution
  - Participating in a teacher internship program
  - Admitted to a program of preparation approved by the Commission on Teacher Credentialing
- Must be admitted to or enrolled in the program at least half-time, and making satisfactory academic progress;
- Must have outstanding ability, as determined by GPA, test scores, faculty evaluations, and interviews;
- Must have received a loan under an approved educational loan program;
- Must agree to teach the equivalent of full-time for at least 4 consecutive years at an eligible school (includes schools that serve low-income or rural areas, are in the bottom two deciles on the Academic Performance Index, or have 20 percent or more of the teachers holding emergency-type teaching permits, such as a substitute teaching permit.)

For district interns to be eligible, they must have a bachelor's degree; have passed the California Basic Educational Skills Test (CBEST); have not defaulted on education loans or need to repay an educational grant; and have not completed coursework for an initial or specialist teaching credential ("Assumption Program of Loans For Education (APLE) for District Interns Fact Sheet," 2012). Credentialed teachers are eligible if they teach in a public school ranked in the lowest two deciles on the Academic Performance Index, possess a teaching credential, and did not apply for the program as an undergraduate. They agree to continue teaching at a school ranked in the lowest two deciles on the Academic Performance Index ("Assumption Program of Loans for Education APLE," 2012).

Applicants to the program are nominated for their awards: current students are nominated by their postsecondary institution, district interns are nominated by their district office, and credentialed teachers are nominated by their County Office of Education ("Assumption Program of Loans for Education APLE," 2012). Applicants submit applications to a coordinator at their respective nominating bodies, which then review the applications for eligibility and completeness, rank them according

to their own selection criteria, and submit selected applications to CSAC. Nominating bodies choose their own selection criteria; GPA and faculty recommendations are commonly used to determine rankings (California Student Aid Commission). CSAC then sends eligible nominees the loan assumption agreement, which the nominee must sign and return. For each school year, the commission assumes up to 6500 student loans, with priority given to applicants who have need-based federal loans and to those who have teaching credentials in science, mathematics, or special education. There is a cap of 100 loan assumption agreements for district interns and a cap of 400 for credentialed teachers.

Once a nominee has received the award, the loan assumption agreements begin to take effect once the student has begun his/her required four years of teaching. After the participant's first year of teaching, the commission will assume up to $2000 of the individual's education loans; at the end of each subsequent year, the commission will assume up to an additional $3000 of education loans per year, for a total loan assumption of up to $11,000. Additional loans are assumed for participants who teach in particular subject areas at particular schools: an additional $1000 per year of loans are assumed for those who teach mathematics, science, or special education in the lowest 60 percentile of Academic Performance Index rankings and those who teach in a school ranked in the lowest two deciles on the Academic Performance Index. With all additional benefits, the total possible loan assumption amount is $19,000.

LEGISLATIVE HISTORY:

Originating legislation: 1985 Senate Bill No. 1208

Original legislative intent: The intent of the program is to address the problem of the shortage of high-quality teachers, especially in certain subject areas or in schools with fewer resources such as those serving rural or low-income areas. To address this problem, the program is designed to encourage postsecondary students to pursue education leading to teaching credentials, and to seek teaching jobs in low-income, failing, or rural schools, or in subject areas with severe teacher shortages.

Narrative history from original to current: The APLE is enshrined in Article 5, sections 69612 through 69615.8 of the California Education Code. Legislation focused on providing grants to teachers was introduced in 1983 via Senate Bill No. 813, the Hughes-Hard Educational Reform Act of 1983 (California State Department of Education, 1983). Later bills, 1985 Senate Bill No. 1208 and 1986 Assembly Bill 3263, shifted the focus from credentialed teachers to those intending to attain teaching credentials in areas with teacher shortages (1985; California Student Aid Commission). Additional amendments were made in later years to increase the number of APLE agreements awarded, from 400 to 4500 (1998 Senate Bill No. 1564), then to 5500 (1999 Assembly Bill No. 1118), and finally to 6500 (2000 Senate Bill No. 1666) (California Student Aid Commission). 2000 Senate Bill No. 1666 made numerous other changes to the APLE, including increases in the maximum benefit amount from $8000 to $11,000 and the years participants are required to teach (from 3 to 4), and designations of awards for out-of-state teachers, teaching in rural areas, and teaching in districts with a high proportion of teachers with emergency teaching permits (2000; California Student Aid Commission). An amendment in 2008 (Senate Bill No. 1158) changed the language of the code's legislative intent, adding a reference to the "rising costs of higher education, coupled with a shift in available financial aid from scholarships and grants to loans" and a mention of economically disadvantaged students to motivate the intent of the APLE (2008). As of the 2012-13 Budget Act, no new allocations have been made for the APLE program, though the statute still stands and existing participants still receive benefits ("Assumption Program of Loans for Education APLE," 2012; "Budget Act of 2013," 2013).

Graduate APLE

PROGRAM OVERVIEW:

Authorizing legislation (main): 1998 Senate Bill No. 1564

Program purpose and description: Like the APLE, the Graduate APLE is a state-funded, competitive loan forgiveness program for teachers and students training to become teachers, but unlike the APLE, the Graduate APLE focuses on graduate students in training to become faculty.

Eligibility determination and award process: To be eligible for the program, an applicant must:

- be a United States citizen or eligible noncitizen;
- be a California resident at an eligible institution;
- must have complied with Selective Service requirements;
- not have defaulted on any loans or need to repay any grants;
- be enrolled in or admitted to a graduate program that they will be enrolled in at least half-time and be making satisfactory academic progress;
- have completed a bachelor's degree or be enrolled in a program leading to a bachelor's or graduate degree;
- have received an eligible education loan ("State of California Graduate Assumption Program of Loans For Education (Graduate APLE) Application/Nomination Packet for academic year 2001-2002," 2001).

Applicants must also agree to teach full-time for at least three consecutive years (or the equivalent) at one or more California postsecondary institutions in order to be awarded.

To apply, students must submit an application to a college official, such as a faculty member or administrator, who then completes the nomination form and forwards the application to CSAC. Awardees are nominated on the basis of their academic ability and financial need. Their academic ability may be determined by GPA, test scores, faculty evaluations, interviews, or recommendations. When CSAC receives the applications, the commission selects outstanding financially-needy applicants to award. CSAC awards warrants for the assumption of up to 500 loans in a year, and each student may receive only one warrant (Cal. Education Code § 69618-69619).

Once the student has received the award, the loan assumption agreements begin to take effect once the student has received their graduate degree from a participating institution, has taught full-time for one academic year (or the equivalent) at a regionally-accredited California college or university, and has redeemed his or her award. After each year of teaching, for up to three years, CSAC assumes up to $2000 of the student's outstanding education loans, for a total possible loan assumption of $6000 (Cal. Education Code § 69618-69619).

LEGISLATIVE HISTORY:

Originating legislation: 1998 Senate Bill No. 1564

Original legislative intent: The program is intended to attract more students into graduate education in order to fill a growing need for new faculty caused by rising college enrollments and the retirement of existing faculty. In addition, it acknowledges the increase in the cost of higher education as a reason that students do not pursue graduate education.

Narrative history from original to current: The Graduate APLE is enshrined in Article 5.5, sections 69618 through 69619 of the California Education Code. It was established in 1998 by Senate Bill No. 1564 to replace the existing State Graduate Fellowship Program (1998). It was amended in 2000 and 2003. The 2000 amendment, enacted through Assembly Bill 2159, expanded the eligibility requirements to include California residents attending an eligible school outside the state, students enrolled in bachelor's degree programs, and those enrolled at least half-time in their academic programs (2000). The 2003 amendment (A.B. 1754) prohibited warrants from being issued in 2003-04 (2003). Funding for the Graduate APLE, as with the APLE program, has not been included in the Budget Act as of 2012-13 ("Budget Act of 2013," 2013).

State Nursing assumption program of loans for education (SNaple)

PROGRAM OVERVIEW:

Authorizing legislation (main): 2005 Senate Bill 63

Program purpose and description: The intended purpose of this program is to increase the number of nursing faculty members at California college and universities. The program will assume up to $8,333 for each year that an individual has taught nursing studies at an accredited institution.

Eligibility determination and award process: In order to be eligible for this program and individual must:

- Be a U.S. citizen
- Be a California resident
- Making satisfactory academic progress
- Cannot be delinquent or in default on any student loans

The applicant will also be evaluated on the following criteria before being accepted into the program:

- Grade point average
- Test scores
- Faculty evaluations
- Interviews
- Other recommendations

Once meeting the above requirements and agreeing to teach for at least three years the individual will receive up to the annual award amount of $8,333 ("California Senate Bill 63," 2005).

LEGISLATIVE HISTORY:

Originating legislation: 2005 Senate Bill 63

Original legislative intent: Senate Bill 63 sought to encourage people to complete their graduate educations and serve as nursing faculty members at California postsecondary institutions ("California Senate Bill 63," 2005).

Narrative history from original to current: SNAPLE is enshrined in Article 1, sections 70100 through 70110 of the California Education Code. The program was originally established in 2005 through Senate Bill No. 63, with an amendment made in 2006 (SB 1309) to allow undergraduate students to be eligible, and to allow those teaching part-time to be eligible for payments after they have worked the equivalent of three full-time academic years. In addition, SB 1309 established SNAPLE-NSF, specifically for nursing employees of certain state facilities; however, as of 2012 SNAPLE-NSF is considered to be an inactive program ("California Senate Bill 63," 2005).

John R. Justice (JRJ) Program

PROGRAM OVERVIEW:

Authorizing legislation (main): 2008 John R. Justice (JRJ) Prosecutors and Defenders Incentive Act (JRJ Act)

Program purpose and description: The 2008 JRJ Act established with U.S. Code §3797cc-21 provides loan repayment assistance for local, state, and federal public defenders and local and state prosecutors. The purpose of this program is to help retain public defenders and prosecutors as student loan debt is continually a main reason why attorneys leave positions in the public sector ("JRJ Act of 2008," 2008). In California, this program is authorized by the California Governor's Office of Emergency Services and administered by CSAC.

Eligibility determination and award process: Individuals must remain employed as a prosecutor or public defender for at least three years and is not currently in default on any education loans. In 2016 the award amount for California was $473 for each recipient ("John R. Justice Grant Program," Cal OES).

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Appendix tables

Table 1. Maximum Cal Grant awards by program and institution type, 2015-16

	Public			Private			
	California Community College	**California State University**	**University of California**	**Two-year, non profit**	**Four-year, non-profit**	**Two-year, for profit**	**Four-year, for profit**
Cal Grant Awards							
Cal Grant A	NA	$5,472	$12,192	NA	$9,084	NA	$4,000
Cal Grant B							
First-year recipients	$1,796	$1,796	$1,796	$1,796	$1,796	$1,796	$1,796
Second to Fourth-year recipients	$1,796	$7,268	$13,988	$1,796	$10,880	$1,796	$5,796
Cal Grant C Award							
tuition/fees	$2,462	NA	NA	$2,462	NA	$2,462	$2,462
books/supplies	$547	NA	NA	$547	NA	$547	$547

Source: California State Budget Act of 2015

Table 2. Percentage of average total student expenses paid for by maximum Cal Grant awards, by institution type, living situation, and award type: 2015-16

		Cal Grant B		
	Cal Grant A	First year	After first year	Cal Grant C[1]
Public institutions				
California Community College				
Living with family	NA	14.9	14.9	24.9
Living off campus	NA	9.4	9.4	15.7
California State University				
Living with family	33.6	11.0	44.6	NA
Living off campus	23.4	7.7	31.1	NA
Living on campus	23.3	7.6	30.9	NA
University of California				
Living with family	52.9	7.8	60.7	NA
Living off campus	40.4	6.0	46.4	NA
Living on campus	40.3	5.9	46.2	NA
Private, non-profit, four-year college				
Living with family	22.5	4.4	26.9	NA
Living off campus	19.2	3.8	22.9	NA
Living on campus	19.7	3.9	23.6	NA
Private, for-profit institutions				
Two-year college				
Living with family	NA	7.1	43.0	11.9
Living off campus	NA	5.5	33.6	9.3

Four-year college				
Living with family	16.0	7.2	23.2	12.0
Living off campus	12.5	5.6	18.1	9.4

Sources: California State Budget Act of 2015; California State University Schedule of Systemwide Fees 2015-16; University of California Office of the President Operating Budget 2015, 2015-16 Tuition and Fee Levels; National Center for Education Statistics, Digest of Education Statistics 2016

[1]Total award combines maximum awards for tuition/fees and books/supplies.

Table 3. Number of undergraduate financial award recipients, total dollars awarded, and average award amounts by California Student Aid Commission-administered program: 2015-16

	Number of recipients	Total dollars awarded	Average annual award, dollars
Cal Grant awards (entitlement and competitive)[1]			
Cal Grant A	111,678	1,050,575,000	9,407
Cal Grant B	209,598	802,632,000	3,829
Cal Grant C	6,939	4,724,000	681
Other grants			
Middle Class Scholarships	49,420	43,920,288	889
Child Development Teacher and Supervisor Grant Program	237	218,476	922
Law Enforcement Personnel Dependents Scholarships	16	92,075	5,794
California National Guard Education Assistance	395	2,445,161	6,190
Loan assumption programs			
Assumption Program of Loans for Education	4,598	14,800,000	3,219
State Nursing Assumption Program of Loans for Education	36	323,902	8,997

Source: National Association of State Student Grant & Aid Programs (http://www.nassgap.org/survey/state_Data_check.asp)

[1]Includes recipients eligible through the California Dream Act

Table 4. Adopted revisions to the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program of 2000: 2003 through 2016

Year adopted	Bill	Summary of revision	Cal Grants affected	Citation
2003	SB 728	Requires Cal Grant eligible institutions to resolve financial need conflict for applicants and recipients	All Cal Grants	California Senate Bill 728 (Scott, Chapter 339, Statutes of 2003)
2006	AB 2813	Eliminated eligibility criteria of dependency and independency and instead established that eligible students would be anyone who is not 28 years old or older by 12/31 or application year.	Cal Grant Entitlement for CCC transfer students	California Assembly Bill 2813 (De La Torre, Chapter 822, Statutes of 2006)
2006	SB 1383	Allows students to obtain their high school diploma by 12/31 of the academic year following their date of application and still be eligible	Cal Grant Entitlement Awards (A, B, and CCC transfer)	California Senate Bill 1383 (Ortiz, Chapter 652, Statutes of 2006)
2006	AB 840	Would require recipients to affirm in writing, under penalty of perjury, that they have met the specified requirements for eligibility. Would also select, at random, 10% of awardees and verify with institutions their eligibility standing.	Cal Grant Entitlement for CCC transfer students	California Assembly Bill 840 (Arambula, Chapter 43, Statutes of 2006)
2008	AB 2260	Allows a student to demonstrate attainment of a community college or college GPA of at least a 2.0 from any college, not just a CCC	Cal Grant B Competitive	California Assembly Bill 2260 (Committee on Higher Education, Chapter 235, Statutes of 2008)
2010	SB 1382	Deleted requirement that financial need calculation be consistent with methodology from the 2001-02 academic year.	All Cal Grants	California Senate Bill 1382 (Committee on Verans Affairs, Chapter 113, Statutes of 2010)

Table 4. Adopted revisions to the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program of 2000: 2003 through 2016 (cont'd)

Year adopted	Bill	Summary of revision	Cal Grants affected	Citation
2010	AB 2086	Redefines a qualifying institution. In addition to the previous requirements (Private or independent institution that participates in specified federal student aid programs, nonprofit institutions, and public postsecondary institutions) institutions must provide information on where to access CA license exam passage rates for specific undergraduate programs.	All Cal Grants	California Assembly Bill 2086 (Coto, Chapter 644, Statutes of 2009)
2011	SB 70	The maximum household income and asset levels of a renewing applicant would either be the adjusted household income and asses levels or the maximum household income and asset levels, whichever is greater. Institutions would also have to annually report enrollment, persistence, grad data, job placement, salary, and wage info.	All Cal Grants	California Senate Bill 70 (Committee on Budget and Fiscal Review, Chapter 7, Statutes of 2011)
2012	SB 1028	Schools that lose their eligibility status due to exceeding the 3-year cohort default rate or being below a 30% graduation rate may regain its eligibility in the year it satisfies requirements rather than the following academic year.	All Cal Grants	California Senate Bill 1028(Committee on Budget and Fiscal Review, Chapter 575, Statutes of 2012)

2012	SB 1016	Set maximum tuition award amounts for Cal Grant A and B recipients at private for-profit and nonprofit institutions. Allows students who initially qualified for both a Cal Grant A and B and received a Cal Grant B to be awarded a renewal Cal Grant A if the recipient became ineligible for a Cal Grant B and still meets Cal Grant A criteria. Students must have also attended a CCC in the academic year preceding the academic year they will use their award.	Cal Grants A and B	California Senate Bill 1016 (Committee on Budget and Fiscal Review, Chapter 38, Statutes of 2012)

Table 4. Adopted revisions to the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program of 2000: 2003 through 2016 (cont'd)

Year adopted	Bill	Summary of revision	Cal Grants affected	Citation
2014	AB 1590	Redefines eligibility of institutions from "participating in at least 2 of the following federal campus-based programs: federal Work Study, Perkins Loan Program, and the SEOGP" to "participating in at least 2 of the following federal programs: federal Work Study, Stafford Loan Program, and SEOGP." Redefines graduation rate to be "percentage of full-time, first-time degree or certificate seeking undergraduate students who graduate in 150% or less of expected time"	All Cal Grants	California Assembly Bill 1590 (Wieckowski, Chapter 667, Statutes 2014)
2016	SB 1314	Allows students to receive Cal Grants if they were enrolled in upper division coursework of a baccalaureate program at a community college	Cal Grants A and B	California Senate Bill 1314 (Block, Chapter 438, Statutes 2016)

2016	AB 1449	Exempts student from requirement of graduating from a California high school or equivalent if a student was a resident of the state on their 18th birthday.	Cal Grant Entitlement for CCC transfer students	California Assembly Bill 1449 (Lopez, Chapter 433, Statutes of 2016)

APPENDIX 7

Cost of Attendance

The Cal Grant program as currently designed focuses on covering tuition and fees for students with financial need but provides only limited support for living expenses. Tuition and fees comprise a relatively small share of the expenses students must cover while they are in college. This is particularly true for community college students, many of whom benefit from the BOG tuition waiver/California Promise and do not face tuition and fee charges. But even at the University of California, where tuition and fees are about $14,000 a year, these charges constitute only about 40 percent of the estimated budget for students living on campus.

The question of equitable subsidies for college students' living expenses is not simple. Unlike tuition and books, housing and food costs are expenses everyone faces, whether or not they are students. But being in school requires time for classes and studying. Working full time while in college significantly lowers the probability of academic success. So, forgone earnings because of time out of the labor force are a very real cost of being in college. Without assistance covering these costs, many students face daunting financial barriers. Even students who live at home with their parents frequently have to contribute to help cover living expenses.[1]

Students can cover a portion of their living expenses through work and loans, but not the full amount. Some grant aid is necessary for students whose parents cannot cover their living expenses.

Our proposal suggests a maximum self-help level of $11,000 for UC and CSU students in Step 1, with the legislature appropriating enough funds to lower that self-help over time to meet CSAC-identified affordability targets that allow for reasonable work expectations and little or no debt. We propose an $8,000 maximum for community college students in Step 1. It is reasonable that opting for this less expensive route should lower the financial burden for these students, who are more likely to be juggling family responsibilities and whose post-college incomes are likely to be lower, making repaying debts more challenging. Again, the goal should be to reduce—but not eliminate—the level of self-help over time.

It is counterproductive for the state to put considerable resources into making tuition and fees affordable but to ignore the remaining financial barriers that will diminish the share of students who succeed in earning degrees in a timely manner; however, the state needs a new, more consistent method of calculating those financial costs

Estimating cost of attendance

If the financial aid system is going to base subsidies on the full cost of attendance, including housing, food, books and supplies, transportation, and other basic living expenses, there should be a reasonable and equitable way to estimate these expenses. Currently, campuses derive student budgets through surveys or other strategies. There is little consistency.

[1] For example, a 2015 survey of Wisconsin students found that 39 percent of students surveyed paid rent and most paid for food. Sara Goldrick-Rab, The Real Price of College, https://tcfdotorg.atavist.com/the-real-price-of-college.

On-campus room and board charges across UC campuses in 2017-18 ranged from $13,115 in San Diego to 35 percent more—$17,549—at Berkeley. At UC San Diego, the budget beyond tuition, fees, and books is slightly lower for on-campus than for off-campus students. The on-campus premium at the other UC institutions ranges from $1,607 at UCLA to $8,295 at Merced.

There are clearly geographical differences in cost across the state, but there is considerable variation in budgets even within geographical areas. For example, Berkeley City College budgets more than UC Berkeley for students living in apartments, but about half as much for those living at home with parents. San Francisco State budgets slightly more than UC Berkeley for students living in apartments, but charges considerably less for its dormitories. UC Riverside budgets $6,000 less than Riverside City college for students living off campus.

Variation in living expense budgets: San Francisco Area and the Riverside Area

	UC Berkeley	SF State	Berkeley City College
In a dorm	$22,819	$19,465	n/a
In an apartment	$19,077	$19,465	$19,656
At home with parents	$12,629	$4,963	$6,363
	UC Riverside	CSU San Bernardino	Riverside City College
In a dorm	$19,430	$15,508	
In an apartment	$14,800	$16,428	$20,926
At home with parents	$10,883	$2,557	$4,374

Source: NCES, College Navigator

The variation in budgets for books and supplies also raises questions about consistency in the methodology used across institutions. Most (but not all) community colleges budgeted $1,854 in 2017-18. The highest UC book budget was $1,357 at UC Irvine, and Berkeley budgeted just $891.

We recommend that CSAC set geographically-sensitive budgets for non-tuition and fee expenses and use them to define the expectation that campuses meet need. Cal Grants should not differ based on living in a dorm versus an apartment, but institutions with more expensive dorms would have to provide more generous institutional grants in order to preserve the standard self-help amount and hit CSAC-identified affordability targets. Schools that do not meet those targets will have to include standard notices on their award letters that their high housing prices prevent them from meeting the state's affordability standards. his policy should encourage campuses to keep their on-campus living options more affordable.

Students living at home

California public colleges and universities also vary significantly in how they account for expenses associated with living at home. UC campuses add about $7,000 in "other" expenses to the budgets of students living at home, for whom budgets do not include a room and board component. Community colleges add an average of about $600 in other expenses beyond those allowed for students living off-campus. (De Anza, Foothill, and Berkeley City are among the community colleges not adding at all to the other expenses budgets for students living at home; San Jose City College adds about $5,500.) CSU institutions do not provide any extra allowance.

These is no reason to believe that the expenses facing students living at home would vary so much depending on the segment in which they are enrolled. For the Cal Grant, CSAC should establish a standardized methodology to calculate these students' budgets, allowing for the reality that there are costs associated with an extra person living in the household and for the need for students to contribute to their family's expenses. This practice will raise the estimated cost of attendance for community college and CSU students living at home.

Estimating costs across living arrangements

Even with budgets standardized across institutions, the revised Cal Grant system still must address the different costs facing students who choose different living arrangements. Should a student living at home receive the same level Cal Grant and institutional aid as a student living in campus housing, perhaps measuring cost of attendance by taking an average of the costs of the two? Or should the cost of attendance (and resulting aid level) vary based on the student's living situation?

Providing incentives for students to live at home by using an average cost of attendance that effectively underfunds on-campus housing and slightly over-funds students living at home could have have a range of impacts on access and success. On the one hand, some students do not have the option to live at home. Moreover, there is significant evidence that living on campus can have a positive impact on student success.[2] On the other hand, there could be real savings to both students and the state from encouraging living at home. In other words, there are benefits and drawbacks to both approaches.

We recommend an approach that both makes on-campus living accessible for low-income students by meeting need (assuming a reasonable self-help) for students who live on campus, but also allows students to work less or take on less debt, through a lower self-help requirement, should they should choose to save money and live at home. CSAC should:

- Develop a cost of living assessment for students living on campus or in apartments with the standard affordability target discussed above that assumes a self-help total of $11,000 for at UCs and CSUs, and $8,000 for community college students.
- Develop a cost of living assessment that more consistently and fairly takes into account costs most students still bear while living at home, but set the affordability target by assuming a lower self-help target for students who choose this money-saving option.

This approach makes living on campus an accessible option for all students, while still giving students the option of working less or taking on less debt by going the cheaper route.

[2] See e.g. http://www.iub.edu/~caepr/RePEc/PDF/2010/CAEPR2010-002.pdf.

Impact of cost of living on CSAC-provided Cal Grant award levels

While our recommendations establish Cal Grant Awards that would generally be consistent for all Pell Grant recipients in a segment, with institutional award levels varying to fill in gaps in need at UC and CSU,the lower cost of attendance for students living at home does create some caveats to that general rule. Specifically, because Pell grants, Cal Grants, plus the self-help requirement cannot exceed total cost of attendance, some CSU and perhaps UC students living at home may receive lower CSAC-provided Cal Grant awards than other Pell recipients. At community colleges, where CSAC awards will be designed to meet need without an institutional supplement, there is likely to be more variation in award amounts.

CSAC-provided Cal Grant awards for these categories of students may vary:

- Some students living at home and attending CSU and possibly UC will receive smaller grants because of the lower cost of attendance.
- Students living at home and attending community colleges will receive smaller grant than those living on their own. However, because they will have a lower self-help expectation, the different in award levels will be smaller than the difference in COA. Cal Grant award levels will taper down from the maximum level for as family income rises.

Part-time students

Many community college students enroll part time. They clearly have lower tuition and book charges than full-time students. They also have more time to work. (Their higher earnings are reflected in higher EFCs, but not until the third year of enrollment, when EFC is based on income during the calendar year in which they were first enrolled.) Except in rare situations, the federal Pell Grant award is a function of EFC, but not cost of attendance. The award is pro-rated for attendance intensity with, for example, half-time students receiving half of the award they would get if they were full time. The simplest adjustment to the Cal Grant would take the same approach. In the example above of a $7,000 Cal Grant for community college students student, half-time students would receive $3,500 Cal Grants.

The system is designed to meet the need of full-time students. It pro-rates awards for part-time students without addressing the question of measuring need among these students, a process that the federal student aid system also avoids.

APPENDIX 8

Legislative Specifications

Personalized Estimates

- Require the California Franchise Tax Board to include an option on the state income tax return for a taxpayer to request information about college expenses and aid for the taxpayer or a dependent based on information available from the taxpayer's tax return.
- Amend section 19557 of the California Revenue and Taxation Code, which allows CSAC to receive income information regarding financial aid applicants with the applicants permission, to allow CSAC to receive such information for the purposes of preparing and providing estimates of college expenses and aid.
- Require institutions, as a condition of participating in the Cal Grant program:
    - To provide CSAC with electronic access to the college's net price calculators (which are already required for colleges participating in federal aid programs);
    - To provide admitted students with financial aid offers in a format that makes them comparable to other colleges' offers through a format selected by CSAC.

Merging the Cal Grant Programs

[The report notes that there are at least three ways that the combination of Cal Grants and institutional aid can be spread more broadly and stacked to address students' total needs. This version maintains a Guaranteed Cal Grant for UC and CSU that is equal to tuition and fees, through a required match by the institution. Institutional aid would be provided (at the discretion of the institutions or systems) in addition to that aid in order to meet the affordability target].

Statement of Legislative Intent

It is the intent of the Legislature to make it possible for every California resident to enroll in college to earn an undergraduate degree without having to work more than a modest amount, and with minimal if any borrowing. To achieve this goal, the Legislature recognizes that financial aid must include support for expenses beyond tuition and fees, and that adequately addressing students' needs requires a combination of federal, state and institutional aid.

- The Legislature is establishing an affordability target that limits a student's need to work or borrow in order to cover college expenses.
- The Legislature intends that state funding for Cal Grants will be sufficient so that the combination of federal, state and institutional aid is enough for each California resident student's financial aid package to meet or exceed the affordability target, if institutions help keep dormitory and other costs reasonable.
- The Legislature believes that the most common estimate of a family's ability to pay, the federal EFC, fails to take into consideration the higher cost of living faced by most Californians. The Legislature requests that the Commission provide recommendations for adjusting the measure for California aid purposes.
- The Legislature has determined that institutional admission and progress requirements make a separate grade point average requirement in the Cal Grant program redundant.

- The Legislature has determined that combining family resource measures into an index like the EFC is more appropriate and easier to administer than using income and asset tables.

Unified Cal Grant

Eliminate the separate Cal Grant A, B, C, T and the Middle Class Scholarship.

The Cal Grant Award is:

- Guaranteed to any California resident, regardless of age or time out of school, for a total of up to four years of full-time-equivalent enrollment at a California public institution.
- Available for any year of undergraduate enrollment, for not-less-than-half-time enrollment in any program leading to a degree or certificate program of not more than four months (full time).
- For students enrolling at least half time but less than full time, the amount of the Cal Grant Award shall be the same proportion of it would have been if the student was attending full time.

Definitions

"CSAC-Estimated COA" means an estimate of tuition and fees, food and housing expenses, transportation, personal expenses, and books & supplies. Estimates vary by region, and separate estimates are established for students living on their own (not on campus) and dependent students living at home with one or more parents.

"School-Estimated COA" means the institution of higher education's estimate of tuition and fees, food and housing expenses, transportation, personal expenses, and books & supplies, based on a student's living situation.

"Family Resources" means the Commission's estimate of resources available to a student. For 2019-20: the amount for dependent students shall be the amount of the parent contribution (federal Expected Family Contribution after subtracting the student contribution portion); the amount for independent students students shall be equal to the federal Expected Family Contribution. In subsequent years the amount shall be determined in a manner established by the Commission, taking into consideration differences in regional cost of living.

"Self-Help Expectation" means the amount that a student is expected to contribute toward college expenses through modest work, loans, or both. For 2019-20 the amount of the self-help expectation shall be:

- $8,000 for students enrolling full time in a California community college;
- $11,000 for students enrolling full time in any other institution;

In subsequent years the amounts shall be established by the Commission (or set in the Budget Act by the Legislature upon recommendation of the Commission).

"Affordability target" is the amount of grant aid necessary for a student's out-of-pocket expenses to meet the self-help expectation. It is equal to the school-estimated COA minus the family resources (including federal grant aid) and the self-help expectation.

"Intended Amount" means the amount of grant aid needed to meet the affordability target, taking into consideration Pell Grants and other grant aid received by a student.

"Adjusted Intended Amount" means the amount of grant aid needed to meet the affordability target, if the affordability target used CSAC-estimated COA instead of school-estimated COA.

"Cal Grant Award" means:

- For UC and CSU, systemwide tuition and fees or the adjusted intended amount, whichever is lower.
- For the California community colleges, the adjusted intended amount.
- For private institutions, the commission component.

"Commission Component" means the Commission's allocation of grant aid for a student that forms a portion of the Cal Grant Award. For 2019-20 the amount of the commission component for a full-time student shall be equal to:

- For the California community colleges, the adjusted intended amount.
- For UC, $_____ [or X% of systemside tuition and fees] or a proportionate amount for students who require less than the G.
- For CSU, $_____ [or X% of systemside tuition and fees] or a portion of the adjusted intended amount that bears the same proportion as $_____ bears to to systemwide tuition and fees.
- For the nonprofit/WASC institutions, the Commission componen for UC, except no more than the institution's average per-student spending on instruction during the three most recent years that federal data are available.

"Institutional Component" means a portion of the Cal Grant Award provided by the institution of higher education. Institutions shall be required, pursuant to the participation agreement with CSAC, to provide an institutional component equal to the difference between the Cal Grant Award and the commission component.

Other Provisions

Studies of Affordability

- The Commission shall arrange for one or more studies of alternative approaches to the federal Expected Family Contribution calculation, including a consideration of regional cost of living adjustments, and make recommendations to the Legislature.

- The Commission shall develop recommended methodologies for determining student expenses other than living expenses for use by California institutions of higher education.

Fund for Innovation in College Affordability

- A fund is established, to be managed over multiple years by the California Student Aid Commission, to test creative approaches to address financial barriers that prevent students from enrolling in or optimizing their participation in college.
- Programs tested through the fund shall be subject to independent evaluations designed in advance of implementation, and by evaluators not selected, managed or paid by the participating institutions or organizations.

CENTURY FOUNDATION REPORT
Staff Recommended Roadmap

Introduction

The Century Foundation (TCF) report *Expanding Opportunity, Reducing Debt: Reforming California Student Aid* recommends substantial reforms to California's financial aid system, unified by the principle that financial aid should a) be as easy and convenient for students and families to access and understand; and b) better serve students with financial need by covering a greater share of total cost of attendance (COA) than does the current tuition-centered model.

In the interest of providing Commissioners with sufficient time to fully consider the policy, fiscal, and programmatic implications of these changes, staff have prepared this memorandum containing a recommended "Roadmap" to financial aid reform. The Roadmap addresses the components of the TCF report in three distinct stages, spread out over the remainder of the 2018 legislative year and the 2019-2020 budget and legislative sessions.

Taken together, the policy recommendations in these three stages represent a holistic reform of State financial aid and would create a simplified, streamlined system and make college more affordable for hundreds of thousands of students. However, there would be considerable costs associated with most of these reforms, and policy implications that the Commission should consider as well. This Roadmap represents a recommendation from CSAC staff for the process of considering these changes. While the reforms are offered here in three "stages," the overall approach is comprehensive, and these reforms are being offered in multiple phases to simplify the policy options contained within.

Stage One: The 2018-2019 Budget

The first stage includes issues the Commission has discussed in the past, and that can be addressed in current (Fiscal Year 2018-2019) budget proposals.

<u>Cal Grant B Access Award</u>

The major statewide grant program that provides support for nontuition expenses is the Cal Grant B Access Award (also known as the book and supply award, because it is intended to be used to purchase textbooks and other educational supplies – but can be used to finance any educational expenses a student incurs). Currently, the Access Award provides eligible students with up to $1,672 per academic year, which includes a base grant of $1,648 and an additional $24 that is financed by the College Access Tax Credit.

According to historical sources available to CSAC staff, the Access Award was set at approximately $900 when first implemented in the late 1960s – an amount equivalent to roughly $6,000 in 2017 inflation-adjusted dollars. With over 240,000 students receiving the Access Award in 2018-19, this award is one of the most effective ways of getting grant aid directly in the hands of students with high levels of unmet financial need.

An increase to the Cal Grant B Access Award carries with it a substantial fiscal impact to the State (see chart, below), but could also pay significant dividends, as it would help reduce student food and housing insecurity by providing direct grant aid to low-income students, and would also help by reducing students' reliance on loan debt.

	FY 2018-19	FY 2019-20	FY 2020-21
Maximum Award	$ 1,800	$ 2,400	$ 3,000
Students Paid	242,561	254,689	267,424
Net Cost Increase	$ 31,338,881	$ 162,797,241	$ 307,323,089

Maximum Award	$ 2,400	$ 3,000	$ 4,200
Students Paid	242,561	254,689	267,424
Net Cost Increase	$ 155,044,991	$ 292,688,656	$ 580,095,062

Maximum Award	$ 3,000	$ 4,500	$ 6,000
Students Paid	242,561	254,689	267,424
Net Cost Increase	$ 278,751,101	$ 617,417,195	$ 989,253,020

Recommendation:

- Propose budget language and appropriate funding to phase in, over three years, an increase to the Cal Grant B Access Award, starting in the 2018-19 academic year.

CSAC Outreach and Early Information

The TCF report recommendations on the Commission's outreach efforts, including providing early, personalized information on student financial aid estimates, are consistent with recent CSAC efforts, including:

- Expanding outreach to underserved communities, such as through the African-American Student Outreach Initiative.
- Incorporating personalized information about aid estimates, including federal, State, and institutional aid, into CSAC communications and public outreach materials, such as preliminary award notification letters and the net price calculator that will be a part of the modernized WebGrants system.

Recommendation:

- Propose budget funding for a permanent, dedicated outreach unit at CSAC (3-5 positions), with a mandate to prioritize efforts on providing information and services related to financial aid and the application process to the most underserved communities in California – including, but not limited to, students of color, rural students, and current and former foster youth
- Propose statutory language requiring CSAC, as part of our outreach efforts, to provide information to students and families as early as possible regarding their estimated eligibility for federal, State, and institutional financial aid, provided reliable estimates can be attained – but keep this language intentionally broad so as to keep up with changing circumstances (such as the updated WebGrants system, the CSAC website, etc.)

Innovation in Financial Aid

Individual campuses may have innovative new ideas for enhancing college affordability and reducing their students' overall cost of attendance that have not yet been taken into consideration by the State grant aid system; this proposal would allow the State to not only finance but evaluate and consider the merit of pilot proposals at the campus level. (Some campuses, for example, have experimented with "emergency aid" programs to provide much-needed support for students at risk of dropping out, becoming homeless, etc.)

Under this proposal, the Commission would receive an annual allocation from the State budget and administer grants to institutions, via a competitive application process, that want to experiment with innovative approaches to financial aid. As a condition of receiving these dollars, campuses would be required to perform an independent evaluation of these programs and their outcomes and report back to the Commission. The Commission could then report outcomes to the Legislature and the Administration, recommending statewide funding for any programs that yield positive results.

Recommendation:

- Propose statutory and budget language, accompanied by a budget allocation, creating a Fund for Innovation in College Affordability, and specifying that the Commission shall issue grants from this fund for the purpose of enhancing college affordability for students with high levels of financial need; as a condition of receiving these funds, the receiving institution or segment would report back to the Commission on the results of an independent evaluation of the outcomes of these programs

Stage Two: The 2018 (or 2019) Legislative Year

The second stage of financial aid reform would involve the Commission considering major policy changes to the construction, eligibility, and award amounts of the Cal Grant program, by consolidating the major current grant programs (Cal Grant A, B, and C, and possibly the Middle Class Scholarship) into a single unified Cal Grant.

Cal Grant Consolidation

Due to the need to study the effects of this proposal further, including the total number of students served and the costs to the State, this component of the reform project would be discussed at the Commission's June 2018 meeting, with a goal of introducing statutory changes either near the end of the 2018 legislative year or at the beginning of the 2019 legislative year.

Recommendation:

- Direct staff to propose a comprehensive consolidation proposal to the Commission no later than the June 2018 meeting, with a full consideration of the policy, fiscal, and programmatic impact of consolidating all of the current components of the Cal Grant

program, as well as the Middle Class Scholarship, into a single Cal Grant program. The development of any such proposal should involve discussions with all key stakeholders, including, but not limited to, segments, institutions, legislative staff, the Department of Finance, and students.
    - As much as possible, this consolidation should involve closing up the current "gaps" in the Cal Grant system, such as the provision limiting the number of freshmen students at first-year schools eligible for a Cal Grant B tuition and fee award.
- If the Commission has had adequate time to review such a proposal and endorses it at the June 2018 meeting, staff would propose statutory language to the Legislature.

Stage Three: The 2019-2020 Legislative Session and Budget Years

The TCF report recommends that California adopt a substantial overhaul of the current financial aid system, moving from a system where Cal Grants primarily cover tuition and eligibility is determined by income and asset ceilings to a more holistic system addressing COA, and determined instead by unmet need according to Expected Family Contribution (EFC).

While staff feels that there is policy merit to such a model, remaking California financial aid on this scale requires extensive discussions with policymakers and stakeholders, and deeper analyses of the likely impact to students, institutions, and to the State. Staff and Commission liaisons could lead these discussions throughout the remainder of 2018 and into 2019, bringing any comprehensive reform proposals to the Commission for sufficient deliberation and a vote sometime in 2019. If the Commission chooses to endorse any major reforms, they would be introduced as statutory or budget proposals in 2019-2020.

Recommendation:

- Direct staff, in conjunction with assigned Commission liaisons, to further study the impact of moving to a financial aid model along the lines of the TCF recommendations, including, but not limited to, the following elements:
    - Using students' unmet need after calculating EFC, rather than a fixed income and asset ceiling, to determine eligibility for, and award amount of, Cal Grants
    - Setting a fixed "affordability target," including a self-help expectation, as part of the Cal Grant model
    - Remaking Cal Grant as an entitlement program available to all California students attending an eligible institution, regardless of GPA, age, or time out of high school
    - Creating a model whereby institutional aid and State grant aid work together to provide support for students on a sliding scale according to their financial need
    - Considering the merits and costs of imposing new accountability standards on private institutions for participating in State financial aid
    - The feasibility of eliminating or modifying current Cal Grant application deadlines
- Staff will present to Commissioners at a future meeting a proposal for a comprehensive financial aid reform that meets the requirements directed by the Legislature (consolidation and further addressing cost of attendance) and considers these recommendations in the TCF report

- The Commission will have the opportunity to fully consider this proposal and, if endorsed, staff will present budget and statutory changes to the Legislature to move to this model

CENTURY FOUNDATION REPORT
Summary of Commissioner Feedback

Introduction

Commissioners who wished to provide feedback on the draft version of the TCF report *Expanding Opportunity, Reducing Debt: Reforming California Student Aid* were given the opportunity to do so via the online SurveyMonkey tool. A total of five Commissioners provided feedback; a summary of their comments and questions on individual sections and components of the report is listed below.

Title: Expanding Opportunity, Reducing Debt

- Support for a standardized cost of attendance methodology developed by CSAC
- General agreement with the notion of simplifying eligibility criteria
- Support for the concept of an innovation fund, but questions about placing it with CSAC

Subtitle: Reforming California Student Aid

- General agreement that the current system is complicated and that simplifying it would benefit both students and the state
- Support for a consolidated Cal Grant, but there could be controversy/difficulty in merging Middle Class Scholarship
- Concerns about how much the reforms recommended by the report would cost
- Concerns about delinking Cal Grant from tuition; would prefer to see additional grant dollars to support cost of attendance

Section I. Broaden & Strengthen the Cal Grant to Address Unmet Need(s)

- Removing asset measures from eligibility would help in California, due to high property costs here
- Using EFC to determine eligibility needs to be analyzed further to ensure it does not negatively impact low-income students
    - Also, delegates grant eligibility to the federal government
- Split regarding whether to eliminate or modify GPA requirements
- Some support for the idea of a self-help expectation; but the $11,000 proposed level at UC/CSU may be unrealistic/overly burdensome on low-income families and students
- Overall, this proposal goes beyond reforming Cal Grant and would represent a major change to higher education funding, accountability, and governance in California
    - Combining institutional and state aid could be controversial and costly
- Support the use of regional cost of living estimates
- Support the need for more equitable access to aid across different segments/systems
- While addressing COA is important, reforms should still maintain the full tuition guarantee at UC and CSU, using institutional aid or new state funds to spread funds to address nontuition costs

Section II. Spur Innovation and Support Quality Choices

- Concern about costs of allowing students to receive Cal Grants for both a certificate/CTE program and then for a baccalaureate degree
- Concerns with removing time limits for Cal Grant entitlement eligibility – expensive and removes incentives for students to plan and prepare
- Regarding accountability measures at private institutions – general agreement, but question whether financial aid is the proper tool (as opposed to accreditation)
- Important to keep in mind the difference between nonprofits – which already have strict requirements about how revenue can be spent – and for-profits

Section III. Provide Better and Earlier Information

- Agreement with general principles, including providing early information – but info needs to be reliable and not unfairly advantage any segment(s) over others