March 2020: CSAC submits Modernization Proposal

- Simplify/Streamline Aid
- Address Equity/Reduce Eligibility Barriers
- Establish Total Cost of Attendance as affordability benchmark
- Reduce Student Debt
- Maximally leverage Federal, State, Institutional Aid to serve students
- **State Budget 2020: effectively suspended this proposal**

- CSAC asked to modify March 2020 proposal: no new funds

- Main Policy Changes:
  - *Adopt Federal "Expected Family Contribution" (EFC) as primary metric determining student need.*
  - *Remove eligibility barriers based on age, time out of high school, and GPA.*

PROPOSED: CAL GRANT/2

PROPOSED: *All eligible 0 EFC students attending a CCC get a stipend.*

- No GPA verification required

- Eliminate time out of high school and age requirements

- Application deadline moved back to September 2

- Increases number eligible from 124k to 280k (125% increase)

- If student is not a SWDC, they get a CalGrant/2 stipend.

- If student is a SWDC, they get a SWDC stipend.

CAL GRANT/2: COSTS AND OPTIONS

Option 1

- Reduce stipend amount, keep existing funding constant.
  - Each student gets ~$1,250 (less than existing $1,656, but many more recipients.)

Option 2

- Continue running lottery/first-come, first-served, keeping existing stipend amount constant ($1,656).
  - ~75% of the eligible pool would receive a stipend of $1,656.

CG/2 - Zero EFC		Financial		Demographic				Household			GPA
	Count	Zero EFC	Avg Income	Avg Age	Female	CADAA	Parent College	Dependent	SWDC	Avg HH	Avg GPA*
Current Awards	124,260	75.6%	$22,306	23.2	61.1%	4.8%	52.9%	61.5%	18.5%	3.6	2.92
New Model	279,264	100.0%	$14,065	25.9	60.3%	3.2%	30.7%	43.3%	28.5%	3.2	2.67
In	185,333	100.0%	$14,742	26.6	59.3%	2.2%	34.9%	38.8%	30.8%	3.1	2.48
Out	30,329	0.0%	$51,966	19.5	56.8%	3.7%	38.0%	91.2%	1.5%	4.0	3.00

PROPOSED: SWDC GRANTS

PROPOSED: *All eligible SWDC 0 EFC students get a stipend.*

- Includes CCC, CSU and UC students (almost all are CCC).

- ~28% of all 0 EFC students in CCC are SWDC.

- CCC student would get either a SWDC grant or a CG/2, but not both.

- SWDC stipend: ~$2800 (or whatever is portioned from the total SWDC pot).

CAL GRANT/4

PROPOSED: *If you are eligible to receive a Pell Grant, you are eligible for a Cal Grant/4 to cover tuition/fees.*

- No age/time out of HS requirements.

- GPA cutoff lowered from 3.0 to 2.0.

COSTS:

- Proposal cost estimate: $2.144b (would need $12m/yr more).

MIDDLE CLASS SCHOLARSHIP (MCS)

PROPOSED: *MCS awards would be a fixed amount. The "floor" MCS eligibility point would begin where the upper boundary of the Cal Grant/4 would end.*

If you are <u>not</u> eligible for Pell, you <u>are</u> eligible for a Middle Class Scholarship.

- Convert MCS to EFC-based eligibility (in line with proposed CG/2 and CG/4 eligibility criteria).

- Eliminate MCS as a "last dollar award".

- Award MCS from lower to higher EFC until funds exhaust.

MCS OPTION 1: KEEP UC/CSU AWARD PROPORTIONALITY

MCS Eligibility Cutoff (starts at 100% Pell, 5,577 EFC)	**300% Pell** (5,577-16,728 EFC)	**400% Pell** (5,577-22,304 EFC)	**500% Pell** (5,577-27,880 EFC)
Total Offers (current: ~63,000)	69,515	87,795	101,469
Award Amount (based on % tuition)	*UC $3,250 CSU $1,500*	*UC $2,550 CSU $1,150*	*UC $2,100 CSU $1,000*
Income: 5th pctl	$7,738	$10,877	$13,275
Income: Median	$77,979	$87,229	$93,553
Income: 95th pctl	$141,046	$160,924	$176,753

MCS OPTION 2: FIXED MCS AWARD FOR ALL

- Make all MCS awards a **single, fixed amount** for each recipient, regardless of segment, e.g.:

  - All paid MCS awards are **$2,000**: 58,500 awards
  - All paid MCS awards are **$1,500**: 78,000 awards
  - All paid MCS awards are **$1,000**: 117,000 awards

MCS OPTION 3: VARIABLE MCS AWARD BASED ON EFC

- Make MCS awards **taper to EFC ranges**, regardless of segment, e.g.:

    - EFC is **between 100-150%** Pell EFC: $2,000 MCS award
    - EFC is **between 150-200%** Pell EFC: $1,500 MCS award
    - EFC is **above 200%** Pell EFC: $1,000 MCS award
      (until exhausted)

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