

PRIORITIZE CAL GRANT EQUITY FRAMEWORK TO AID STUDENTS TODAY: A topline summary



The California Student Aid Commission (CSAC) serves the nation's largest student population. Still, even as our state has grown more populous and diverse, equitable access to financial aid awards has not kept pace, especially for non-traditional students like adult learners and returning students who make up a growing share of enrollment. Cost of living and basic needs expenses have grown exponentially, but the state's financial aid system has not factored in the true costs of college, rendering higher education unaffordable for too many Californians.

Immediately, the state of California has an opportunity to remodel our Cal Grant system to better serve the needs of students by aligning our programs with new federal policy changes for financial aid¹ recently approved by Congress. The Cal Grant Equity Framework, reflected in Assembly Bill 1456 (Medina & McCarty) will streamline California's state financial aid program to serve MORE students.



More than 7 of 10 students had lost some or all of their income due to the COVID-19 pandemic.

– CSAC Survey of 76,000 incoming or returning college students, May 2020

In early 2020 and following extensive conversations with students, higher education partners, and other key stakeholders, CSAC published [Cal Grant Modernization: A Vision for the Future](#) proposing that state financial aid consider the full cost of going to college as the affordability benchmark rather than tuition alone. Through a collaborative process, CSAC worked with legislative champions in the Assembly and Senate and those in higher education to develop a policy package that considers both federal changes as well as budget options that will keep students in school, help the economy recover and propel California forward.

HOW IT WORKS: SERVING STUDENTS AMID A BASIC NEEDS EPIDEMIC

Cal Grant modernization and a shift to a state aid model based on student need—rather than outdated rationing devices like age and time out of high school – will create a more inclusive financial aid system resulting in a more diverse workforce to strengthen California's economy. The new Cal Grant Equity Framework will better support students as California recovers from COVID-19 and position the program to be built out with future investments and as the student populations and their needs evolve.

Cal Grant 2 Updates: Aid to More Students

- Guarantee an access award (entitlement) for all California Community College (CCC) students with incomes qualifying for the maximum Pell Grant award and who do not have any dependents under age 18 (average income of approximately \$18,600). Students with dependents under the age of 18 will qualify for the Students with Dependent Children (SWDC) grant.
- Eliminates the eligibility barriers based on age and time since high school graduation that prevent many students with financial need from receiving an award. Cal Grant 2 would provide predictability and reliability for low-income students relying on a Cal Grant.

¹Taking effect in 2023, the FAFSA Simplification Act not only enacts changes to the Free Application for Federal Student Aid (FAFSA) by removing dozens of questions, but also expands eligibility for the federal Pell Grant to more students. Commencing in the financial aid application cycle opening on October 1, 2022, students will be provided with a Student Aid Index, rather than an Expected Family Contribution (EFC) to inform determinations of their eligibility for financial aid.

Cal Grant 2 eligibility thresholds & award amount options

Student population served	Number of students	Award Amount	Total funds required	Additional funds required
Students with incomes eligible for a maximum Pell Grant under the Student Aid Index	367,318	\$1,656	\$307 million	\$157 million
		\$2,500	\$463 million	\$313 million
Students with incomes eligible for any Pell Grant under the Student Aid Index	464,685	\$1,656	\$385 million	\$235 million
		\$2,500	\$581 million	\$431 million

Summary of Cal Grant 2 Eligibility Criteria Changes:

- Students must file FAFSA/CADAA by September 2nd
- Financial need determined by household status, size and income, based on new eligibility standards for the federal Pell Grant
- No GPA verification required

Cal Grant 4 Updates: Sharpened Focus on Financial Need

- Guarantees a tuition/fee award to students with incomes below specified ceilings based on their household status and size. The average household income of a Cal Grant 4-eligible student is approximately \$26,000 per year.
- Maintains the current tuition entitlement for students enrolled at UC or CSU campuses and is equal to 100 percent of mandatory systemwide tuition and fees at public universities.
- Students attending an eligible non-profit institution, the maximum Cal Grant would cover a fixed amount of the student's tuition costs, as determined in the annual State Budget Act (currently \$9,084).
- Cal Grant tuition awards at for-profit institutions would remain unchanged from current levels.

Summary of Cal Grant 4 Eligibility Criteria Changes:

- Financial need determined by household status, size and income, based on new eligibility standards for the federal Pell Grant
- 2.0 GPA verification required

Funding required to serve Cal Grant 4 students based on eligibility for the minimum Pell Grant award under the Student Aid Index & based on 2020-21 appropriations

Student population served	Number of students	Total funds required	Additional funds required
Students with incomes eligible for proposed Cal Grant 4	171,230	\$2.14 billion	\$0
Students with incomes eligible for a Pell Grant award	191,393	\$2.37 billion	\$228 million

Students with Dependent Children Grant

With an additional \$76 million investment a \$6,000 award would be given to nearly 90,000 eligible Student-with Dependent Children (SWDC) under age 18 enrolled at the CCC, CSU, or UC. If no new investments were made, eligible SWDC would receive a \$4,200 award. The Students with Dependent Children grant would be available to students enrolled at a CCC, CSU, or UC campus and eligible for a Cal Grant 2 or Cal Grant 4. The current statutory provisions that base the award amount upon the availability of funds and the number of eligible recipients would be maintained. An eligible student-parent at the CCC would receive a Students with Dependent Children award in place of the Cal Grant 2, while at the CSU and UC, this award would be in addition to the tuition and fee coverage provided by Cal Grant 4.

Middle-Class Scholarship & Institutional Aid Updates

The Middle-Class Scholarship will continue to award a percentage of tuition to students at the UC and CSU who do not receive a Cal Grant 4 award. However, the Commission would propose changes to conform the program with the new Cal Grant 4 system and facilitate its administration. Institutional aid is expected to help students address their basic needs, and policymakers may consider a number of mechanisms to ensure that aid is being utilized equitably.

Changing Cal Grant Means More Equity for Students by Making them Eligible for CalFresh

Each recipient of a Cal Grant award for tuition and fees will receive notification that they have received a benefit funded by Temporary Assistance for Needy Families (TANF). Students in receipt of a TANF-funded benefit are allowed to apply for CalFresh, the federally-funded program that provides financial assistance to help afford nutritious meals. Without receipt of such a TANF-funded benefit, many students with significant financial need are precluded from accessing CalFresh due to federal eligibility restrictions on students. Expanding eligibility to Cal Grant awards for tuition and fees can help California secure over \$100 million in federal funding to help address food insecurity for college students.

CALIFORNIA MUST LEAD

An initial down-payment toward the Cal Grant Equity Framework will allow California to expand access to financial aid for more than **280,000 more students in just the first year of applications** under the new system while removing the eligibility barriers that restrict access to aid for many of the most financially vulnerable students.

The changes enacted to federal financial aid policy create an opportunity for state policymakers and education leaders to go even further in our collective efforts to modernize the Cal Grant program and better serve today's students. By simplifying and expanding the Cal Grant, California can align its state financial aid programs with this new federal system to effectively and cohesively serve students.²

Simplifying and expanding the Cal Grant will help students today and our state tomorrow. None of us cannot afford to wait.

²Please refer to the "**Cal Grant Equity Framework & the Student Aid Index**" brief for more on the policy proposals outlined in this summary.