



Building a 21st Century Financial Aid System

How to Get to “One Cal Grant”

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Making education beyond high school financially accessible to all Californians.



Timeline

- 1955: California State Scholarship (precursor to Cal Grant A)
 - Tuition grants primarily for private/independent institutions
- 1968: College Opportunity Grant (Cal Grant B)
 - Grant for non-tuition educational expenses (books/supplies), as well as living costs
 - Maximum award: \$900 in 1968-69 (worth \$6,400 in 2017 adjusted dollars)
- 1972: Occupational Education and Training Grant (Cal Grant C)
 - Tuition & non-tuition grants for career & technical education programs
- 2000: Entitlement Cal Grants for High School & Transfer students
 - Any student who meets Cal Grant qualifying criteria is *entitled* to an award
- 2011: California Dream Act
 - State financial aid (as well as institutional aid) available to AB 540 students
- 2013: Middle Class Scholarship program
 - Partial tuition support (“last dollar”) for students from families earning up to \$150,000

Timeline (2017-present)

- Legislative Analyst's Office submits recommendations for *Creating a Debt-Free College Program*
- Legislature introduces *Degrees Not Debt*, based on LAO report
- *DND* does not move forward, but Legislature remains interested in financial aid reform
- 2017-18 Budget language directs CSAC to prepare a report to the Legislature, with the following goals:
 - Consolidate/streamline existing State financial aid programs
 - Reform financial aid to better address cost of attendance
- CSAC commissions report from The Century Foundation
 - Team led by Robert Shireman, former U.S. Deputy Undersecretary of Education
 - Report released in April 2018 - *Expanding Opportunity, Reducing Debt: Reforming California Student Aid*



CSAC/Century Foundation Findings

- California provides a strong baseline of student aid, through the Entitlement programs, and the tuition & fee guarantee
 - Cal Grant A students receive 100% of systemwide tuition & fees at a public university for up to four years of full-time attendance
 - Cal Grant B students receive 100% of systemwide tuition & fees at a public university for *three* years (excluding their first year) of full-time attendance
- More aid is needed, especially to address non-tuition expenses
 - With total COA at some schools exceeding \$30,000, tuition-focused financial aid is not sufficient for low-income students
 - Cal Grant B students receive an Access Award of up to \$1,672 per year
 - Adjusted for inflation, this award would be over \$6,000 today
- The complexity and lack of coordination around California financial aid *undermines the effectiveness of the aid itself*



Issues with Current Cal Grant System

- Too many low-income students, with significant financial need, are ineligible to receive a Cal Grant under current provisions
- For example, the differing GPA requirements and income ceilings between Cal Grant A and Cal Grant B mean that thousands of students with financial need cannot receive either award
 - Huey graduates high school with a **3.1 GPA**; he comes from a family of four earning **\$75,000**, so he is guaranteed a **Cal Grant A** award
 - His friend Dewey graduates with a **2.7 GPA** and his family earns **\$48,000**, so he is guaranteed a **Cal Grant B** award
 - Their friend Louie isn't so fortunate – he has a **2.9 GPA** and his family earns **\$60,000**, which means he *is not eligible for any Cal Grant Entitlement award*

Issues with Current Cal Grant System, continued

- Entitlement programs are geared toward students who follow the “traditional” path
- High School Entitlement is available for one year after HS graduation
- Transfer Entitlement is available up to age 28
- In today’s economy, hundreds of thousands of students need financial support to afford college and do not fall into either of these categories
 - Over 300,000 students compete for one of 25,750 Competitive Cal Grant awards
- Outdated assumptions about low-income students keep Cal Grant B recipients from receiving a tuition and fee award in their first year



A 21st-century Cal Grant System

- *One* Cal Grant program, available as an entitlement to any CA student:
 - Seeking their first college degree or credential
 - Attending a qualifying institution
 - Meeting a single, minimum academic standard (such as a 2.0 GPA requirement)
- Cal Grants would be available regardless of:
 - Age
 - Time out of high school
- The Cal Grant award would:
 - Cover, at a minimum, tuition and fees for up to four years
 - Provide substantial additional support (more than the current \$1,672) for the lowest-income students

A student-centered system

- Messaging would be clear and consistent, including well before college
 - If you have significant financial need, you will be guaranteed a Cal Grant award
 - Cal Grants are designed to ensure that the “sticker price” of college does not dictate where you choose to apply
- Cal Grants would be available to students when and where they are needed
- Far less hassle from the student perspective
 - No need to apply for Competitive Cal Grants
 - No more worry about whether their financial aid package will cover tuition
 - No supplemental applications needed



Longer-term efforts to consider

- Cost-of-living adjustment for California
 - Base Cal Grant eligibility and award amounts on an *adjusted formula of Expected Family Contribution (EFC)* that takes into account California's higher costs of living
- Affordability guarantee model, with a “self-help” expectation
 - If a student commits to funding a certain amount of their education from work income (or loans, if they choose), then a *Cal Grant Affordability Guarantee* would ensure that the remainder of their COA is funded through financial aid
 - For example, if the self-help component were set at \$8,000, and a \$0 EFC, Cal Grant eligible student attends Long Beach State (COA: \$24,000)...

\$24,000 Cost of Attendance

\$6,095 Pell Grant

— \$8,000 Self-help component

\$9,905 ← Remaining net price (*the Cal Grant Affordability Guarantee would ensure that this amount is covered by a combination of State and institutional financial aid*)

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- To close the “gaps” in the current Cal Grant system that keep many financially needy, low-income students from qualifying for State financial aid...
 - Would provide Cal Grants to about **30,000 new students**
 - At an approximate cost of **\$160 million**
- To do the above *plus* consolidate Cal Grant A, B, and MCS into *one Cal Grant program* with tapered award amounts, while maintaining the High School Entitlement/Transfer Entitlement/Competitive structure...
 - Would provide *additional* aid to about **180,000 students** currently in the program
 - At an approximate cost of **\$900 million to \$1.1 billion**
- To do *both* of the above *plus* guarantee Cal Grants to all California residents regardless of age or time out of high school...
 - Would guarantee Cal Grants to about **220,000 new students**
 - At an approximate cost of **\$2 billion**

Next Steps

- Legislators have asked CSAC to present a Cal Grant reform proposal for consideration in the 2019-20 session
- CSAC is working with stakeholders and advocates/research groups (especially TICAS and the California Budget & Policy Center) to prepare detailed models
- CCC Board of Governors has endorsed (Sept. 2018) a proposal along the lines of the CSAC/TCF report, including:
 - Link maximum awards to total COA, not tuition
 - Base award eligibility on EFC, rather than income/asset ceilings
 - Eliminate all age, time out of HS, and GPA restrictions

The Role of Financial Aid Administrators

- **We want to hear from you!**
- Our goal is to present a proposal to the Legislature and Administration for a reformed State financial aid system that is:
 - Holistic,
 - Streamlined/user-friendly,
 - Student-centered, *and*
 - **Easy to administer**
- Please feel free to reach out with questions or suggestions – it is important that your voices be heard throughout this process!



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