The Cal Grant Equity Framework

Assembly Budget Subcommittee #2 on Education Finance
February 9, 2021

PROPOSED: CAL GRANT 2

All eligible $0 EFC students attending a CCC receive a stipend.

- No GPA verification required
- Eliminate time out of high school and age requirements
- Application deadline moved back to September 2

- Increases students eligible from **124,260** under current Cal Grant programs to **279,264** under modernization (**125%↑**)

CAL GRANT 2: COSTS AND OPTIONS

Student population served	Award amount	Total funds required	Additional funds required
$0 EFC students	$1,250	$150 million	None
$0 EFC students	$1,656	$196 million	$46 million
$0 EFC students	$2,500	$300 million	$150 million
≤ $5,576 EFC students	$1,250	$251 million	$101 million
≤ $5,576 EFC students	$1,656	$333 million	$183 million
≤ $5,576 EFC students	$2,500	$505 million	$355 million

Note: EFC of $5,576 aligns with eligibility for the federal Pell Grant

CAL GRANT 2: Key changes in distribution

Relative to those eligible for today's Cal Grant programs, eligible students under Cal Grant 2 are more likely to be:

- Lower-income (average income = $14,065)

- First-generation college students (69.3%)

- Older (average age = 25.9)

- Student-parents (28.5%)

CAL GRANT 2:
Changes by Race/Ethnicity

Cal Grant 2	African American	American Indian	Asian	Filipino	Latinx	Pacific Islander	Two or More Races	White
Current Model	5.3%	0.5%	7.4%	2.4%	68.1%	0.4%	1.8%	14.1%
Proposed Model	8.4%	0.6%	7.0%	1.7%	67.6%	0.5%	1.8%	12.5%
Newly Eligible (%)	10.1%	0.6%	6.7%	1.7%	65.4%	0.5%	1.9%	13.0%
Newly Eligible (#)	18,719	1,112	12,417	3,151	121,208	927	3,521	24,093

PROPOSED: STUDENTS WITH DEPENDENT CHILDREN

All eligible $0 EFC student-parents attending a CCC, CSU, or UC receive a stipend.

- No change to current eligibility criteria or means for determination of award levels
- CCC students would receive either a SWDC grant or a CG 2
- UC & CSU students would receive an SWDC grant in addition to their tuition/fee coverage
- Nearly twice as many student-parents eligible (**60,301**) than under current Cal Grant model (**26,623**)

SWDC GRANTS: COSTS AND OPTIONS

Student population served	Award amount	Total funds required	Additional funds required
$0 EFC students at CCC, CSU, and UC	$2,800	$125 million	$0
$0 EFC students at CCC, CSU, and UC	$6,000	$270 million	$145 million
$0 EFC students at all segments	$6,000	$291 million	$166 million
≤ $5,576 EFC students at CCC, CSU, and UC	$6,000	$333 million	$208 million
≤ $5,576 EFC students at all segments	$6,000	$365 million	$240 million

Note: EFC of $5,576 aligns with eligibility for the federal Pell Grant

PROPOSED: CAL GRANT 4

If you have an EFC that is eligible for a Pell Grant, you are eligible for a Cal Grant 4.

- No age/time out of high school requirements.
- GPA cutoff lowered from 3.0 to 2.0.
- Covers full tuition & fees at a UC or CSU; maintains existing award amounts for students at eligible private institutions
- Institutional aid programs would be expected to provide $0 EFC students with a stipend to support their basic needs expenses

- Increases students eligible from **132,626** under current Cal Grant programs to **174,650** under modernization

CAL GRANT 4: Key changes in distribution

Relative to those eligible for today's Cal Grant programs, eligible students under Cal Grant 4 are more likely to be:

- Lower-income (average income = $27,467)

- Independent students (46.7%)

- Older (average age = 22.5)

- Student-parents (8.3%)

CAL GRANT 4:
Changes by Race/Ethnicity

Cal Grant 4	African American	American Indian	Asian	Filipino	Latinx	Pacific Islander	Two or More Races	White
Current Model	5.8%	0.3%	14.9%	3.5%	58.2%	0.5%	2.1%	14.6%
Proposed Model	6.2%	0.3%	15.0%	3.1%	59.4%	0.5%	2.0%	13.5%
Newly Eligible (%)	6.6%	0.3%	16.6%	4.0%	50.4%	0.5%	2.6%	18.9%
Newly Eligible (#)	4,146	188	10,427	2,513	31,658	314	1,633	11,872

MIDDLE CLASS SCHOLARSHIP (MCS)

PROPOSED: MCS would continue to provide a percentage of tuition to students not receiving a Cal Grant 4, with changes to align with the new Cal Grant model & support successful administration.

- Convert MCS to EFC-based eligibility (rather than income/assets)
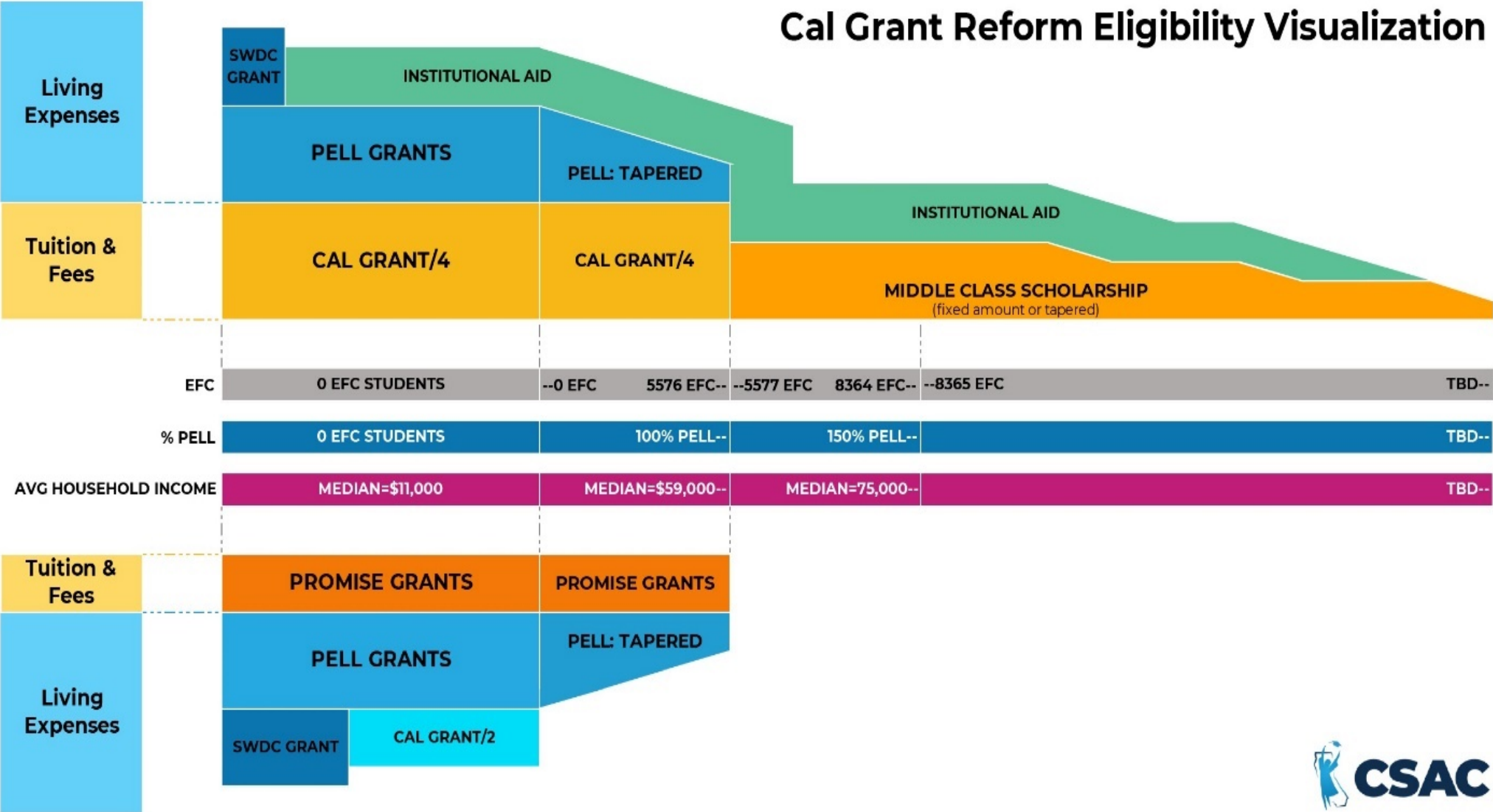- Eliminate MCS as a "last dollar award"

ROLE OF INSTITUTIONAL AID

PROPOSED: Institutional aid programs would be expected to provide $0 EFC students with a stipend to support their basic needs expenses.

Options for implementation include:

- Annual reporting requirement
- Requirement that institutions adopt and publicize policies on their use of institutional aid

Cal Grant Reform Eligibility Visualization

OTHER NOTES

- Any student now receiving a Cal Grant using current eligibility standards will be grandfathered eligibility until it expires.

- No movement of funding between segments or programs.

OTHER POLICIES TO EXPLORE

In addition to the provisions outlined, CSAC suggests that the below policies be further explored to reinforce the goals of California aid programs and Cal Grant modernization:

- Growth index for Cal Grant 2 awards
- Statutory formula for awards to students at independent colleges & universities
- Summer Cal Grants

RECENT FEDERAL POLICY CHANGES

- Recent federal COVID relief legislation includes provisions to change federal calculation for aid, including elimination of EFC and adoption of "Student Aid Index" in 2023

- More California students will receive a Pell Grant, which would increase the number of eligible students for a Cal Grant 4

- Creates opportunity for policymakers to consider how to most effectively align and leverage federal, state, and institutional aid to serve students

KEY OUTCOMES

- **Streamlines Cal Grants** to be more easily understood by students and families or communicated by educators
- **Aligns eligibility** of state-based aid with federal policy
- **Eliminates eligibility barriers** for state aid that are not connected to financial need
- **Targets state resources** to the most financially vulnerable students

KEY OUTCOMES

- Opportunity to serve more than **197,000 additional students** than under current Cal Grant eligibility standards

- More Cal Grant 4 awards for tuition & fees → more students eligible to apply for **CalFresh**

- Improved **access for student-parents, adult learners, & CA Dream Act Application filers**

- More **inclusive Cal Grant programs** – more African-American and Latinx students eligible to receive a Cal Grant