

April 17, 2015

# Overview of Cal Grants

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LEGISLATIVE ANALYST'S OFFICE

Presented to:  
California Student Aid Commission





## Cal Grants in Context

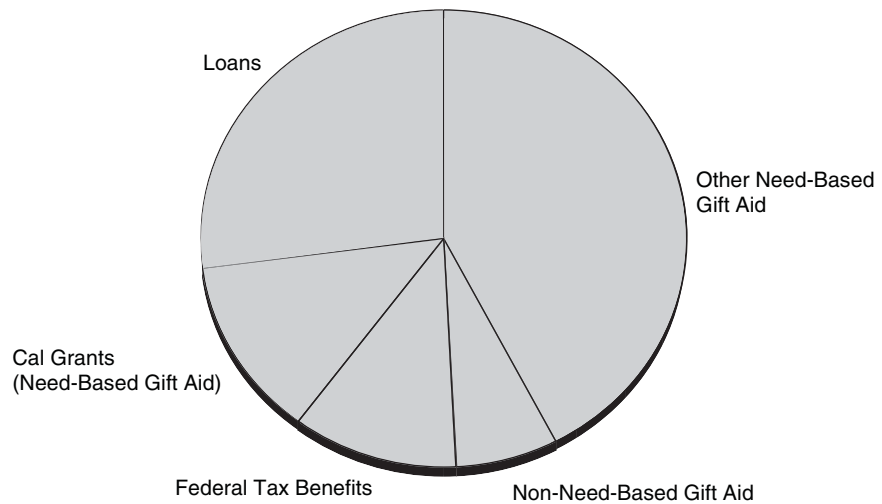


### Cal Grants Are One of Many Sources of Financial Aid

- Cal Grants comprise 13 percent of the financial aid received by California public college students.

#### Major Sources of Financial Aid Received by California Public College Students<sup>a</sup>

2012-13



<sup>a</sup> Reflects our estimates using multiple data sources, including data from the segments and the federal government. Though some of the data shown are readily available for private college students (such as Pell Grants), other data (such as institutional aid) are not.



## Award Amounts



### The Cal Grant Program Has Three Types of Awards

- For Cal Grant A and Cal Grant B, the award amount depends on the type of institution a student attends. The awards cover full tuition at the University of California (UC) and California State University (CSU). In contrast, state law sets different award amounts for students attending private, nonprofit and private, for-profit colleges.
- Cal Grant C awards are for students attending shorter occupational, technical, or vocational programs.

### Cal Grant Award Amounts

2014-15

#### Cal Grant A

Provides tuition awards for up to four years.

Covers full tuition (\$12,192) at UC.

Covers full tuition (\$5,472) at CSU.

Covers \$9,084 at nonprofit or WASC-accredited for-profit colleges.

Covers \$4,000 at other for-profit colleges.

#### Cal Grant B

Provides up to \$1,648 toward books and living expenses for up to four years.

Provides tuition coverage comparable to A award for second through fourth years.

#### Cal Grant C

Provides up to \$2,462 for tuition and fees for up to two years.

Provides up to \$547 for other costs for up to two years.

WASC = Western Association of Schools and Colleges.



## Student Eligibility



### Several Different Ways for Students to Qualify for a Cal Grant

- To qualify for any Cal Grant award, a student must first meet general eligibility criteria. Additional eligibility criteria exist for each type of award.
- State law establishes Cal Grant A and Cal Grant B awards as an entitlement for students meeting certain eligibility criteria. This means the state automatically funds as many students as qualify.
- The state issues a limited number of Cal Grant A and Cal Grant B awards through a competitive program for students not meeting the entitlement program criteria.
- The state also issues a limited number of Cal Grant C awards a competitive basis.

<b>Cal Grant Student Eligibility</b>	
<i>New Dependent Student Applicants, 2015-16</i>	
General Eligibility	
Is a California resident.	Maintains satisfactory academic progress.
Is a U.S. citizen or eligible noncitizen.	Is not in default on any student loan.
Meets U.S. selective service requirements.	Does not owe any federal or state grant refunds.
Attends a qualifying postsecondary institution.	Has assets less than \$67,501.
Enrolls at least half time.	Has income less than \$87,201 (Cal Grant A and Cal Grant C) or \$45,801 (Cal Grant B). <sup>a</sup>
A and B Awards	
<b>High School Entitlement.</b> Must be current high school senior or have graduated from high school within the last year. Minimum high school GPA of 3.0 for A award and 2.0 for B award.	
<b>Transfer Entitlement.</b> Must be CCC student under age 28 transferring to a four-year school. Minimum college GPA of 2.4.	
<b>Competitive.</b> Must not be eligible for entitlement award. Minimum high school GPA of 3.0 for A award and 2.0 for B award. State law authorizes 22,500 new competitive awards per year.	
C Awards	
<b>Competitive.</b> Must enroll in occupational, technical, or vocational program at least four months long. No GPA minimum. State law authorizes 7,761 new awards per year.	
<sup>a</sup> For a family of four.	



## Institutional Eligibility

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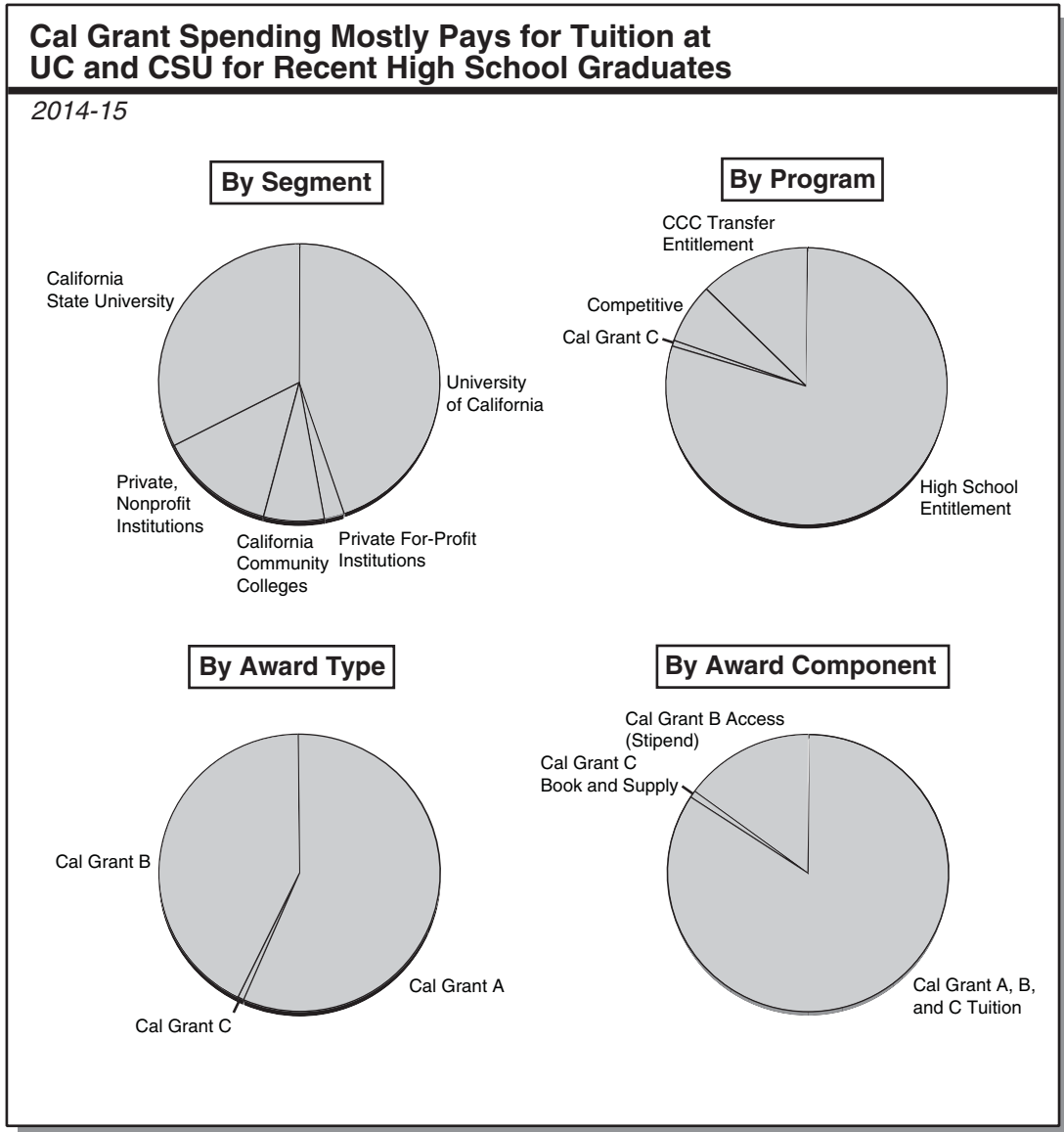


### **Students May Use Cal Grant Awards Only at Eligible Institutions**

- Institutions generally must meet federal financial aid standards.
- Institutions must maintain a student loan default rate below 15.5 percent and a graduation rate above 20 percent. (Institutions with 40 percent or less of undergraduates borrowing federal student loans are exempt from these requirements.)
- Institutions must report enrollment, persistence, and graduation data for all students and Cal Grant recipients as well as job placement and earnings data for occupational programs.



# Expenditures





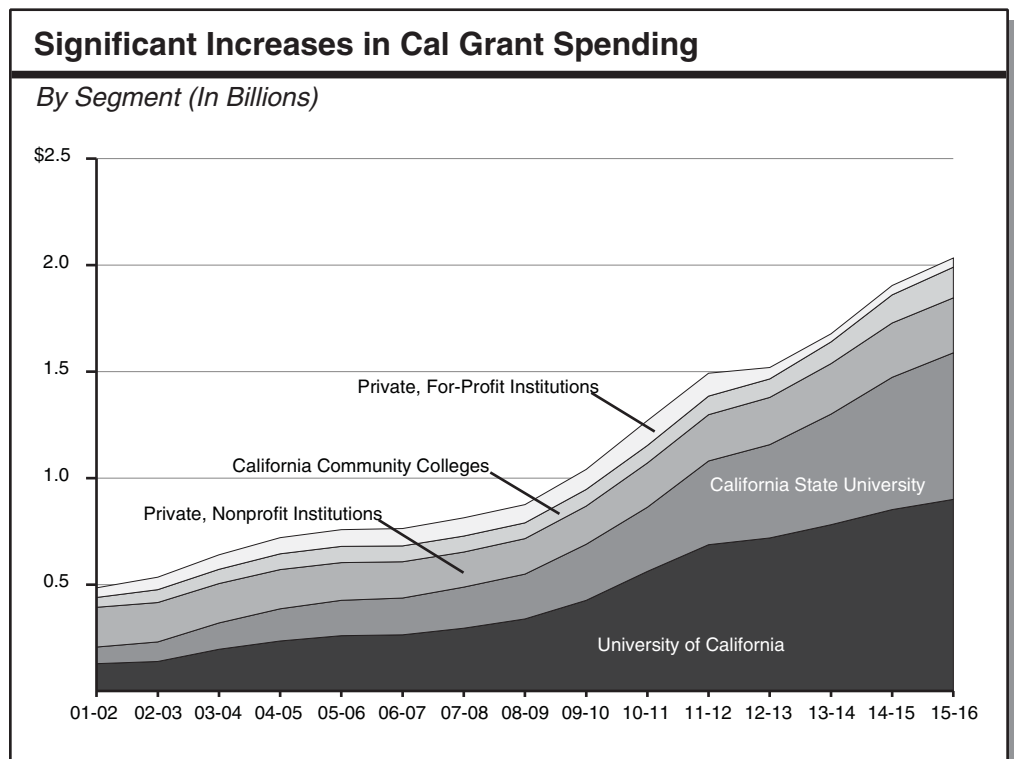
## Expenditures

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### Cal Grant Spending Has Increased Significantly Since 2001

- Over the last 15 years, Cal Grant expenditures have more than quadrupled—from \$485 million in 2001-02 to a projected \$2 billion in 2015-16.
- Most of the growth is attributable to awards used at UC and CSU. Both the number of awards has increased as well as the amount of each award (due to increases in tuition).



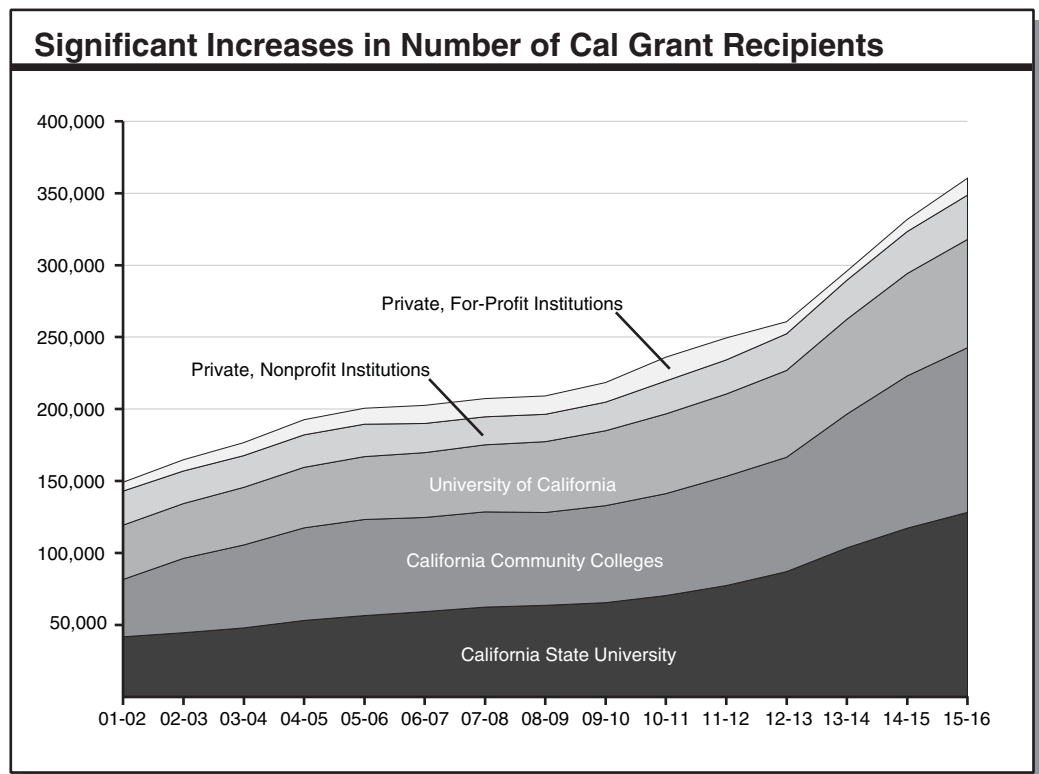


## Recipients



### Number of Cal Grant Recipients Has Increased Significantly Since 2001

- The number of Cal Grant recipients has more than doubled over the last 15 years—from 149,000 in 2001-02 to a projected 360,000 in 2015-16.
- Growth has been greatest at the public segments.







## Issues for Consideration

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### **Consolidation and Coordination**

- Could the state take a more coherent approach to financial aid by consolidating Cal Grants and other financial aid programs—including Middle Class Scholarships, UC/CSU institutional aid, and CCC Board of Governor fee waivers?
- If not consolidated, could these other aid programs at least be better coordinated with Cal Grants?



### **Award Amounts**

- What are the advantages and disadvantages of linking Cal Grant A and Cal Grant B award amounts to UC and CSU tuition?
- How should the state determine the Cal Grant A and Cal Grant B award amounts for private, nonprofit colleges and private, for-profit colleges?
- What is the rationale for not providing Cal Grant B recipients with tuition coverage in their first year of college?
- How should the state determine how many competitive awards to provide?
- How should the state determine the award amounts for Cal Grant B and Cal Grant C books and living expenses?



### **Student Eligibility**

- Could any of the Cal Grant academic criteria be adjusted to further encourage achievement and progress?
- What is the policy rationale for the Cal Grant income and asset ceilings? Should these ceilings be modified?



## Issues for Consideration

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### **Institutional Eligibility**

- Should the rules on Cal Grant institutional eligibility be modified such that schools with fair outcomes serving high numbers of disadvantaged students be allowed to participate?
- Should the state modify the current exemptions that allow certain schools to participate regardless of their performance?