

# CFA NEWS INFO SHEET

1/27/2009

## Cal Grants and the California State Budget

*This background info is for the news media. Students and their families can learn about benefits, and eligibility by contacting the California Student Aid Commission ([www.csac.ca.gov](http://www.csac.ca.gov)).*

### HOW WILL THE DELAYED STATE BUDGET AFFECT STUDENTS THIS SEMESTER?

CSU Chancellor Reed announced on January 15 that the university will not charge student fees for CSU students whose Cal Grant awards are delayed until the grants are funded. This is allowing students to register and begin classes as if the fee-portion of the grant were available.

Cal Grant B recipients (over 54,000 CSU students), whose grants include a living allowance or stipend will not receive these funds and the CSU will not cover the cost of all of these stipends until the budget problems are resolved. The CSU reports that some campuses may be able to provide limited amounts of short-term emergency loans on an individual basis.

### WHAT CHANGES DOES THE GOVERNOR PROPOSE FOR CAL GRANTS NEXT YEAR?

Cuts to the Cal Grant program in Governor's proposed 2009-10 Budget include:

- Elimination of the Competitive Cal Grant program (beginning with elimination of all new awards, 22,500 each year)
- Partially decouple awards to students enrolled in public institutions from fee increases. E.g., maximum grant awards for CSU students would be \$3,240 regardless of increases to fees. The governor also assumes CSU undergraduate fees will increase by 10% to \$3,354 in 2009-10.
- Reduce maximum award for recipients attending independent institutions (from \$9,708 to \$8,322)
- Maintain the current income ceiling for 2009-10 at 2008-09 levels thereby reducing the number of students who qualify for Cal Grant awards in 2009-10.
- Decentralize Cal Grant program administration to campuses.

### IMPLICATIONS OF CUTS TO CAL GRANTS

The CSU administration estimates the governor's proposed cuts will result in a loss of **at least \$15 million** in need-based grant aid for CSU students but it is still analyzing the full impact.

- If the proposal to decouple grant award amounts from student fee rates is approved, students' Cal Grants will no longer increase automatically with fee hikes.
- If the proposed 10% fee hike is approved, CSU undergraduate student fees will be 135% higher next year than they were in 2002.

Analyst Judy Heiman, from the state legislative analyst's office (LAO), cautioned in the *Los Angeles Times* that the impact of decoupling fees from grants could quickly add up in ways that make college truly unaffordable for students who rely on grants. She stated, "It will be 4-5% this year, then maybe 10% or even 20-30%. It could get to the point even students with full grants can't afford to pay fees." (Holland, Gale, "Schwarzenegger proposes major Cal Grant cuts," *Los Angeles Times*, 1/13/09).

Thousands of California residents and CSU students are eligible only for Competitive Cal Grant but do not receive these grants because there are an insufficient number of awards funded each year.

- Only 22,500 new awards are granted each year.
- In 2007-08, there were 122,817 California students who were eligible and qualified for Competitive Grants (A and B) but were denied the grants. Almost 20,000 CSU students are "qualified non-recipients."
- The average annual income of Cal Grant Competitive awards is less than \$15,000.
- The Governor proposes to eliminate this program entirely.

## Background on Cal Grants

### WHAT IS A CAL GRANT?

The Cal Grant Program is the state's primary need-based financial aid program and is administered by the CA Student Aid Commission ([www.csac.ca.gov](http://www.csac.ca.gov)).

Cal Grants provides money for college and is not a loan: students do not need to pay back the funds they receive. Cal Grants can be used at any public college or university in California and most independent colleges and universities in the state. To be eligible, students must meet certain requirements (e.g., have a minimum grade point average, fall below income and asset ceilings).

### WHAT ARE THE MAIN CAL GRANTS CSU STUDENTS RECEIVE?

**Cal Grant A (Entitlement Award).** Need-based awards and up to now have covered up to the full cost of systemwide student fees at the CSU.

**Cal Grant B (Entitlement Award).** Need-based awards provide low-income students an allowance of up to \$1,551 for the first year. After the freshman year, the Cal Grant B is increased to help pay tuition and fees in the same amount as a Cal Grant A.

**Competitive Cal Grants .** Cal Grant A and B Competitive Awards are the same as the Entitlement Awards, except they are not guaranteed; there are only 22,500 available each year, far fewer than the number of eligible students. These awards are targeted towards low- and middle-income non-traditional students.

### HOW MUCH CAN STUDENTS GET?

#### Cal Grant A Award Amounts for CSU students

—up to \$3,048 at a California State University campus in 2008/09

#### Cal Grant B Award Amounts for CSU students

— \$1,551 living allowance for the first year and after that, the allowance plus the cost of fees

Awards for 2008/09, if they ultimately are granted when this year's state budget is settled, are likely to lag behind the actual fees students are charged.

### HOW MANY CSU STUDENTS RELY ON CAL GRANTS A & B TO ATTEND COLLEGE?

	California	CSU Only
<b>Cal Grant A:</b>		
Total Number of Awards (2007-08)	71,023	20,385
-Entitlement Awards	66,958	19,804
-Competitive Awards	3,771	425
<b>Cal Grant B:</b>		
Total Number of Awards (2007-08)	209,247	54,440
-Entitlement Awards	145,860	46,415
-Competitive Awards	63,959	7,928

For additional information, see the Student Aid Commission Chart summarizing its various Cal Grant programs: <http://www.csac.ca.gov/NEWS/G-30CalGrantComp08-09april4.pdf>

(references: 2009-10 Governor's Budget; CSU Memo to CSU Trustees and Presidents, 1/6/09; CSAC "Fast Blast," 1/16/09; CSAC "2007-08 Cal Grant Program Recipients" Report to Legislature; CA Student Aid Commission Competitive Cal Grant Program 2005 – 2008, Report to Legislature, 12/30/08; CSU Budget Office)