ISSUE BRIEF

Proposed Cal Grant Cuts Would Hit Community College Students Hardest

he California state legislature is currently considering a budget proposal from Governor Schwarzenegger that would significantly cut back on Cal Grants, the state's college aid program for low- and moderateincome students. In the Cal Grant program, different grant types and amounts are provided to students based on their grades, family income, age, school type, and the timing of their applications. Community college students are already the least likely to receive a grant. Because of currently inadequate funding, only about one third of community college students who meet the Cal Grant criteria actually receive any funds.1

Our analysis of the budget proposal currently under consideration finds that it would cut new grants to community college students by 45 percent – or about 18,500 students – this fall. In addition, 700 eligible students at the University of California (UC) would be denied a Cal Grant; 2,000 in the California State University (CSU) system; 1,200 at private nonprofit colleges; and 3,000 at for-profit career colleges. But the proposed cut will hit community college students hardest: 73 percent of the students who will be denied a new Cal Grant attend community colleges.

Even in the midst of the current state budget crisis, these cuts to the Cal Grant program are both unfair and unwise. The Cal Grants that are on the chopping block help wellprepared older students return to college, strengthening their skills, employment prospects, and incomes, and the economy. Ignoring the future economic benefit of a more educated workforce is shortsighted. Difficult economic times require a deepened investment in education and workforce development - not cuts to this low-cost, highimpact grant program.

The Cal Grant Program

The Cal Grant program provides grants to low- and moderate-income college students in California. Supplementing federal aid programs, Cal Grants help students pay

Key Facts: Cal Grants and Community Colleges

- Community colleges enroll 64 percent of all undergraduates in California, including the majority of the state's low-income and minority students.
- Community college students are 58 percent of all eligible applicants for Cal Grants, but they receive only 45 percent of new Cal Grant offers.
- Community college students currently receive only 21 percent of the total funding of new Cal Grants.
- Community college students will be 73 percent of those denied a new Cal Grant if the proposed cut is implemented.

for tuition and fees, room and board, books and supplies, transportation, and other college-related expenses.

There are two major types of Cal Grants (A and B), and two different eligibility pools (entitlement and competitive).² Cal Grant A is aimed at students from low- or middle-income families (up to a family income of \$76,400 for a family of four) with a high school grade point average (GPA) of at least 3.0.3 Cal Grant B is only for low-income students (up to \$40,200 for a family of four), who must have a GPA of at least 2.0 to qualify.

California students are also split into two eligibility pools for Cal Grants, both of which provide Cal Grants A and B.

¹ Unless noted otherwise, all statistics on grant recipients and dollars represent new grants and dollars offered to students in the 2006-07 academic year, which is the most recent year for which data are available. Actual recipiency and dollar values may vary based on students' college and enrollment choices.

² Entitlement and Competitive Cal Grants A and B comprise the majority of grants and grant dollars provided through the Cal Grant programs. Smaller programs, including Cal Grant C, Cal Grant T, and the Transfer Entitlement Cal Grants, are not included in this analysis.

³ Income ceilings are for 2008-09. In 2006-07, income ceilings were \$72,300 for Cal Grant A and \$38,000 for Cal Grant B. In addition to income criteria, applicants must meet asset ceilings to be eligible for Cal Grants. In 2006-07, these ceilings were \$55,900 for dependent students and \$26,600 for independent students; in 2008-09, they are \$59,100 and \$28,100, respectively. Income and asset ceilings are adjusted annually.

Students who recently graduated from high school and apply by March 2 are automatically funded if they meet the GPA and income requirements. They receive *entitlement* grants. All other students – those who apply later or who are older – must compete against each other for a limited number of competitive grants.

For every student who received a competitive grant in the 2006-07 academic year, five more eligible students applied and were denied. The governor's 2008-09 budget proposes eliminating the competitive Cal Grant program.

Cal Grant Eligibility, Applicants, Recipients, and Funding*				
	Entitlement Grants	Competitive Grants		
Cal Grant A	Low or middle income, 3.0 GPA	Low or middle income, 3.0 GPA		
Cal Grant B	Low income, 2.0 GPA	Low income, 2.0 GPA		
Deadline	March 2	March 2 or September 2		
High School Completion	Within the last year	No restriction		
Eligible Applicants (2006-7)	64,114	139,481		
Grant Recipients (2006-7)	A: 18,698 + <u>B: 45,416</u> Total: 64,114	A: 1,711 + <u>B: 23,670</u> Total: 25,381		
Total New Funding Offered (2006-7)	\$183,254,729	\$90,867,221		
*CSAC, 2006, 2007b and 2007c.				

Eligible students at community college are less likely to receive Cal Grants than in any other sector, because they are more likely to apply in the competitive pool, which is already underfunded. Overall, about one-third of eligible community college students receive Cal Grants, compared to two-thirds of eligible students at UCs. Students at private colleges and in the CSU system fall in between these two extremes.

In addition to being much less likely to get a grant at all, community college students get much smaller Cal Grants than students at other types of schools. This is because many Cal Grants are divided into two parts: a tuition grant, which covers tuition and fee expenses up to a maximum amount; and an access grant, which helps students meet textbook, transportation, and other non-fee expenses. Community college students only receive the smaller access portion. In the last 15 years, the maximum access grant grew just 10 percent, from \$1,410 in 1991-92 to \$1,551 in 2006-07.4 These grants help students pay for educational expenses, including the rapidly increasing cost of textbooks, but their slow growth has limited their value: the cost of living in California rose 50 percent during those 15 years. In contrast, the maximum grant for students at other types of institutions grew 69 percent over the same time period, from \$6,660 to \$11,259.5

Cal Grant Award Amounts and Recipiency Vary By Institution Type			
Type of Institution	Proportion of Eligible Applicants Who Receive Cal Grant Offers:*	Average Award:**	
University of California	68%	\$3,813	
Independent (Nonprofit) Colleges	60%	\$8,746	
Private (For- Profit) Career Colleges	51%	\$9,422	
California State University	51%	\$2,090	
California Community Colleges	35%	\$1,551	
*Author's analysis of CSAC, 2007b and 2007c. ** CSAC, 2007a, Award sizes assume full-time attendance.			

The average size of the grants actually offered to students also varies a great deal depending on the type of college they attend. These differences reflect both the tuition and fee levels in different sectors, and the type of Cal Grants the students are eligible for.

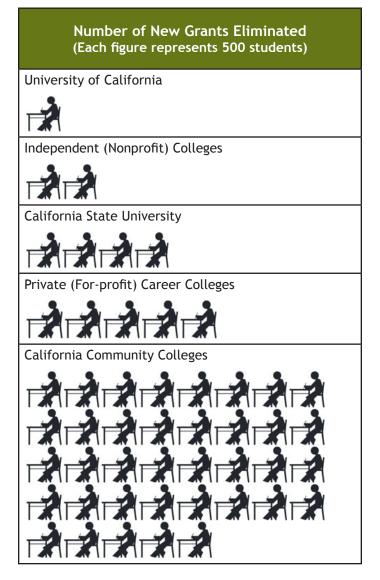
⁴These dollar values have not been adjusted for inflation.

⁵ Author's analysis of CPEC, 2006, Display 42. Students in other segments get an award covering tuition and fee charges up to a maximum amount (\$9,708 in 2006-07), along with the \$1,551 access grant for Cal Grant B recipients. Most Cal Grant recipients in other segments receive an award smaller than \$11,259.

The estimated cost of attending a CCC full time is more than \$15,000 a year and includes not only fees but also textbooks and supplies, transportation, room and board, and other educational expenses. However, the average award for community college students lucky enough to be offered a Cal Grant is \$1,551. This is just one-half of the average grant for UC students, and one-sixth of the average grant awarded to students at private colleges.

The Governor's Proposal

Governor Schwarzenegger's 2008-09 budget proposes zeroing out funds for new Cal Grants to students in the competitive applicant pool, which would eliminate grants for 22,500 eligible students this fall. This cut disproportionately targets students at community colleges. Our analysis indicates that it would reduce the number of community college students served by the Cal Grant program by 45 percent.



Who Would Lose Access to Cal Grants?

Competitive Cal Grant recipients and eligible non-recipients are good students.

To be eligible for a Cal Grant, applicants must have at least a 2.0 GPA if they are low income, or at least a 3.0 GPA if they are middle income. The average competitive grant recipient has grades that are far higher than these minimums (3.27), as do eligible non-recipients (2.91).

Competitive Cal Grant recipients and eligible non-recipients are low income.

The average income level and family size of competitive grant recipients places them below federal poverty guidelines, and the eligible non-recipients are not much better off.⁶ Both groups also fall well below the asset ceilings for Cal Grant eligibility. An applicant who is independent with a family size of three (the average recipient) can hold up to \$34,200 in assets and still be eligible for a Cal Grant B, the grant offered to 93 percent of competitive grant recipients. In comparison, the average Cal Grant B recipient actually held assets worth only \$307; the average for eligible non-recipients was \$408.

Competitive Cal Grant recipients and eligible non-recipients are older students.

Any California college student who did not finish high school within the last year must compete for one of just 22,500 competitive grants. Three in four competitive Cal

Average Cal Grant Recipient Demographics			
Attributes	Entitlement Grant Recipients	Competi- tive Grant Recipients	Competitive Eligible Non- Recipients
Income	\$29,011	\$15,645	\$18,659
Family Size	4.2	3.0	2.5
GPA	3.10	3.27	2.91
Age	18*	30	27
Dependency**	94% dependent	23% dependent	28% dependent

- * Average age for entitlement grants is an estimate based on the eligibility criterion of recent high school graduation.
- ** Students under 24 are considered dependent unless they are married, have children for whom they provide support, currently or previously served in the military, or were wards of the court (including in foster care) when they were minors.

Source: CSAC. 2007a, 2007b, and 2007c.

⁶ For a family of three in California, the federal poverty line was \$16,600 in 2006. For a family of four it was \$20,000.

Grant applicants are considered independent by federal financial aid standards, and four in 10 are more than 30 years old. Financial aid allows older students, often with families of their own, to limit their work hours and meet their families' needs without abandoning their studies.

The Majority of Competitive Cal Grant Recipients Attend a Community College.

Students' age and income level influence their decisions about which kind of college to attend. Older students – many of whom juggle their studies with work and family obligations – frequently choose one of California's 109 community colleges for their flexibility in course scheduling and academic or career paths. More than 70 percent of new competitive grant recipients – typically older and non-traditional students – choose to attend a CCC.

Don't Cut Competitive Cal Grants

With only 44 percent of all eligible students receiving grants, including just 35 percent of eligible community college students, the Cal Grant programs are not meeting the needs of the state's students and families. Community college students are already the most underserved by Cal Grants: qualified applicants at the community colleges are much less likely to get a grant than students at other types of schools; and the grants they do receive are much smaller.

The proposed cut to the Cal Grant programs would exacerbate the problem by cutting the number of community college recipients nearly in half. It targets the students with the lowest incomes and highest grades. These aspiring students stand to lose the most — and pose the greatest loss to our workforce and economy — if they cannot afford the education and training that community colleges provide.

A recent report from the California Student Aid Commission concluded that, in direct contrast to the Governor's proposed elimination of the program, the competitive Cal Grant program should grow substantially to meet the needs of Californians and the state:

"With California's changing labor market and fluctuating economy, an increasing number of non-traditional, returning, and older adult students are seeking education and training. To meet the demands of this group, the Competitive Cal Grant Program needs to respond effectively with more awards."

Expanding, not shrinking, the Cal Grant program is the step that we need most in these turbulent economic times. At a minimum, we should not cut the already inadequate number of grants currently available to high achieving, low-income students.

Sources:

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⁷ CSAC, Competitive Cal Grant Program, 2004-2007, p.35.