



Expanding Opportunity, Reducing Debt

Reforming California Student Aid

The goals

- Identify options for improving affordability at California colleges and universities
- Suggest methods for streamlining and consolidating existing programs
- Find strategies to reduce or eliminate the need to rely on student loan debt

The project team

- Bob Shireman, Senior Fellow at TCF
- Sandy Baum, Senior Fellow at the Urban Institute
- Jennifer Mishory, Senior Fellow at TCF
- Craig Yamamoto, retired California financial aid administrator
- RTI International
- Advisors/reviewers

Background research

- History and design of California aid programs
- Models from other states and countries
- CSAC processes and systems
- Communicating about college prices and aid
- Data from multiple sources: *some figures in the draft are ballpark, and none have been externally reviewed*

Stakeholder outreach

- CCC, CSU, UC, nonprofit and for-profit colleges
- Counselors of high school students
- College student associations
- Research & policy organizations
- Staff of the legislature and other state agencies

What we found

- California provides a healthy amount of student aid
- More is needed, especially to address non-tuition expenses
- A lack of coordination undermines the effectiveness of the aid that is provided

A new framework

- *Simplify the system to increase student access and understanding and reduce bureaucratic red tape:*

One Cal Grant entitlement available without regard to students' age, time out of high school, high school GPA, or other factors

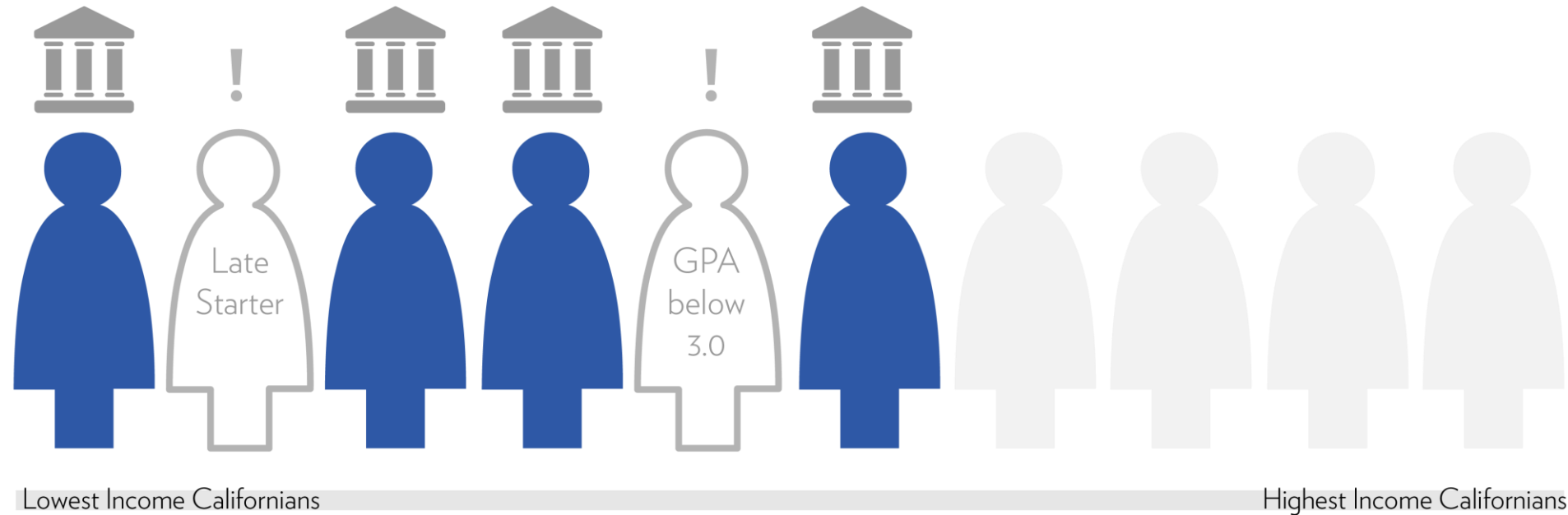
- *Shift from focus on tuition to focus on entire student budget or “cost of attendance” to better meet students' financial need*

Minimize reliance on work and loans for all California students

From the student's perspective

- Clear and complete information in the years preceding college
- A Cal Grant program available when and where they need it
- Less hassle: no need to verify GPA, apply for competitive Cal Grants
- A system that comes closer to meeting full financial need—reducing loan and work burdens and promoting student success

Current Cal Grants



CAL GRANT FUNDING



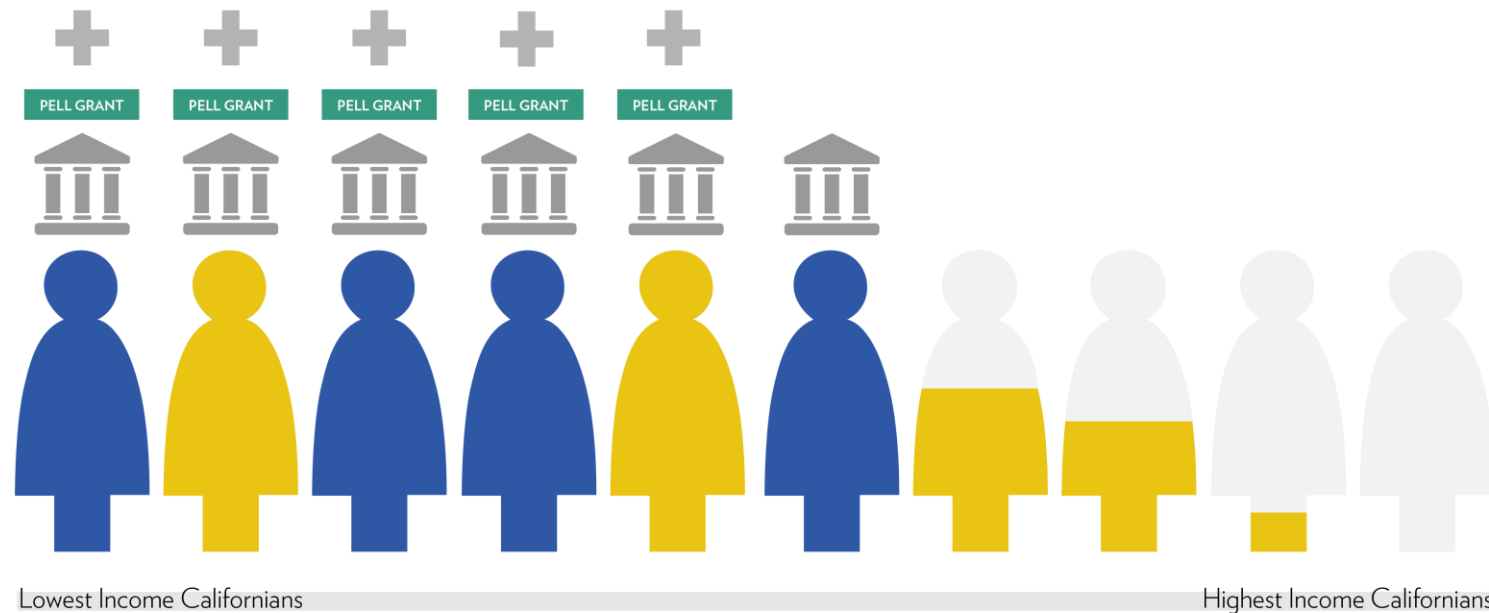
FUNDING MATCHES
PRICE OF TUITION



CAL GRANT
DENIED

Amounts & proportions are not precise.

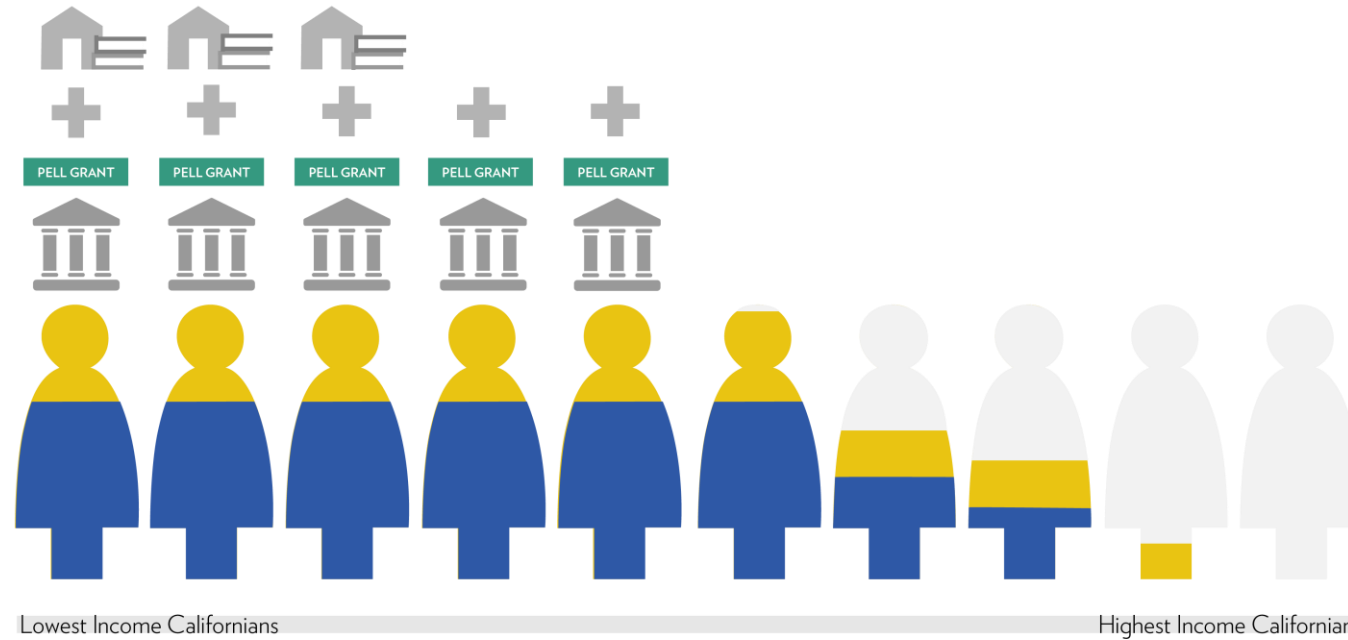
Current Cal Grants with Institutional Aid



Step one: Reconfigure the Cal Grant

- One Cal Grant
- Eliminate GPA, age, time-out-of-school, and first-year restrictions
- Remove cliff (taper size of grant)
- Institutional aid supplements the Cal Grant
- Establish an *initial* affordability target

Recommendation



 FUNDING MATCHES PRICE OF TUITION	 FUNDING EXCEEDS PRICE OF TUITION	 STUDENT IS ABLE TO AFFORD BOOKS + HOUSING
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Amounts & proportions are not precise.

Fiscal Estimate (*very rough*)

- Step 1:
 - \$2 billion, mostly for community college students
 - Very sensitive to affordability target and treatment of part-time students

Recommended approach

- Fits better with Pell Grants
- Focuses on total costs, not just tuition

Step two: Revise measures of expenses and need

- Standardize non-tuition budgets to better define cost of attendance
- Adjust expected family contributions to account for California cost-of-living
- Define acceptable levels of self-help (work and loans)

Step three: Meet full need

- Provide adequate funding so the new, simpler program allows all public institutions to meet financial need—reaching revised affordability targets.

Private colleges

- Quality assurance needed, especially at for-profits
- Consider a cap based on instructional spending
- Set maximum Cal Grant at UC level for nonprofits, and at community college level for for-profits.

Removing barriers

- Early, personalized, comparative estimates for families
- A fund to test innovative approaches to aid, such as pre-purchased textbooks, meals on campus, emergency aid, child care.
- An outreach campaign, including a revised website

Questions?