

## APPENDIX 8

# Legislative Specifications

## Personalized Estimates

- Require the California Franchise Tax Board to include an option on the state income tax return for a taxpayer to request information about college expenses and aid for the taxpayer or a dependent based on information available from the taxpayer's tax return.
- Amend section 19557 of the California Revenue and Taxation Code, which allows CSAC to receive income information regarding financial aid applicants with the applicants permission, to allow CSAC to receive such information for the purposes of preparing and providing estimates of college expenses and aid.
- Require institutions, as a condition of participating in the Cal Grant program:
  - To provide CSAC with electronic access to the college's net price calculators (which are already required for colleges participating in federal aid programs);
  - To provide admitted students with financial aid offers in a format that makes them comparable to other colleges' offers through a format selected by CSAC.

## Merging the Cal Grant Programs

[The report notes that there are at least three ways that the combination of Cal Grants and institutional aid can be spread more broadly and stacked to address students' total needs. This version maintains a Guaranteed Cal Grant for UC and CSU that is equal to tuition and fees, through a required match by the institution. Institutional aid would be provided (at the discretion of the institutions or systems) in addition to that aid in order to meet the affordability target].

## Statement of Legislative Intent

It is the intent of the Legislature to make it possible for every California resident to enroll in college to earn an undergraduate degree without having to work more than a modest amount, and with minimal if any borrowing. To achieve this goal, the Legislature recognizes that financial aid must include support for expenses beyond tuition and fees, and that adequately addressing students' needs requires a combination of federal, state and institutional aid.

- The Legislature is establishing an affordability target that limits a student's need to work or borrow in order to cover college expenses.
- The Legislature intends that state funding for Cal Grants will be sufficient so that the combination of federal, state and institutional aid is enough for each California resident student's financial aid package to meet or exceed the affordability target, if institutions help keep dormitory and other costs reasonable.
- The Legislature believes that the most common estimate of a family's ability to pay, the federal EFC, fails to take into consideration the higher cost of living faced by most Californians. The Legislature requests that the Commission provide recommendations for adjusting the measure for California aid purposes.
- The Legislature has determined that institutional admission and progress requirements make a separate grade point average requirement in the Cal Grant program redundant.

- The Legislature has determined that combining family resource measures into an index like the EFC is more appropriate and easier to administer than using income and asset tables.

## Unified Cal Grant

Eliminate the separate Cal Grant A, B, C, T and the Middle Class Scholarship.

The Cal Grant Award is:

- Guaranteed to any California resident, regardless of age or time out of school, for a total of up to four years of full-time-equivalent enrollment at a California public institution.
- Available for any year of undergraduate enrollment, for not-less-than-half-time enrollment in any program leading to a degree or certificate program of not more than four months (full time).
- For students enrolling at least half time but less than full time, the amount of the Cal Grant Award shall be the same proportion of it would have been if the student was attending full time.

## Definitions

“CSAC-Estimated COA” means an estimate of tuition and fees, food and housing expenses, transportation, personal expenses, and books & supplies. Estimates vary by region, and separate estimates are established for students living on their own (not on campus) and dependent students living at home with one or more parents.

“School-Estimated COA” means the institution of higher education’s estimate of tuition and fees, food and housing expenses, transportation, personal expenses, and books & supplies, based on a student’s living situation.

“Family Resources” means the Commission’s estimate of resources available to a student. For 2019-20: the amount for dependent students shall be the amount of the parent contribution (federal Expected Family Contribution after subtracting the student contribution portion); the amount for independent students shall be equal to the federal Expected Family Contribution. In subsequent years the amount shall be determined in a manner established by the Commission, taking into consideration differences in regional cost of living.

“Self-Help Expectation” means the amount that a student is expected to contribute toward college expenses through modest work, loans, or both. For 2019-20 the amount of the self-help expectation shall be:

- \$8,000 for students enrolling full time in a California community college;
- \$11,000 for students enrolling full time in any other institution;

In subsequent years the amounts shall be established by the Commission (or set in the Budget Act by the Legislature upon recommendation of the Commission).

“Affordability target” is the amount of grant aid necessary for a student’s out-of-pocket expenses to meet the self-help expectation. It is equal to the school-estimated COA minus the family resources (including federal grant aid) and the self-help expectation.

“Intended Amount” means the amount of grant aid needed to meet the affordability target, taking into consideration Pell Grants and other grant aid received by a student.

“Adjusted Intended Amount” means the amount of grant aid needed to meet the affordability target, if the affordability target used CSAC-estimated COA instead of school-estimated COA.

“Cal Grant Award” means:

- For UC and CSU, systemwide tuition and fees or the adjusted intended amount, whichever is lower.
- For the California community colleges, the adjusted intended amount.
- For private institutions, the commission component.

“Commission Component” means the Commission’s allocation of grant aid for a student that forms a portion of the Cal Grant Award. For 2019-20 the amount of the commission component for a full-time student shall be equal to:

- For the California community colleges, the adjusted intended amount.
- For UC, \$\_\_\_\_\_ [or X% of systemside tuition and fees] or a proportionate amount for students who require less than the G.
- For CSU, \$\_\_\_\_\_ [or X% of systemside tuition and fees] or a portion of the adjusted intended amount that bears the same proportion as \$\_\_\_\_\_ bears to systemwide tuition and fees.
- For the nonprofit/WASC institutions, the Commission component for UC, except no more than the institution’s average per-student spending on instruction during the three most recent years that federal data are available.

“Institutional Component” means a portion of the Cal Grant Award provided by the institution of higher education. Institutions shall be required, pursuant to the participation agreement with CSAC, to provide an institutional component equal to the difference between the Cal Grant Award and the commission component.

## Other Provisions

### Studies of Affordability

- The Commission shall arrange for one or more studies of alternative approaches to the federal Expected Family Contribution calculation, including a consideration of regional cost of living adjustments, and make recommendations to the Legislature.
- The Commission shall develop recommended methodologies for determining student expenses other than living expenses for use by California institutions of higher education.

## Fund for Innovation in College Affordability

- A fund is established, to be managed over multiple years by the California Student Aid Commission, to test creative approaches to address financial barriers that prevent students from enrolling in or optimizing their participation in college.
- Programs tested through the fund shall be subject to independent evaluations designed in advance of implementation, and by evaluators not selected, managed or paid by the participating institutions or organizations.