Talking Points re: Impact of May Revise Proposal to Link Cal Grants to Pell Grant Eligibility

• The May Revise contains a proposal to link a student’s Cal Grant eligibility to their eligibility for Federal Pell Grants, which generally benefit only very low-income students.
  o Under the proposal, students who qualify for a full Pell Grant – typically those with family incomes below about $40,000—would continue to receive their full Cal Grant. Students who qualify for a partial Pell Grant, however, would only receive a partial Cal Grant. Students who do not qualify for any Pell Grant – typically those with family incomes over $60,000 – would lose their entire Cal Grant.

• The proposal would affect new Cal Grant recipients beginning in 2013-14. UC estimates that in 2013-14, about 9,000 UC students would lose over $50 million in Cal Grants under the proposal. Once fully phased in,
  o 32,000 UC students would lose over $150 million,
  o about 13% of UC Cal Grant recipients would lose their award entirely, and
  o about 45% of UC Cal Grant recipients would lose a portion of their award.

• The loss would be in addition to about $40 million in Cal Grants that UC students have already suffered in 2011-12 or that are proposed for 2012-13.
  o In 2011-12, UC students lost an estimated $18 million in Cal Grants due to new requirements for students with renewal awards.
  o The Governor’s January budget proposal includes cuts of over $20 million resulting from higher Cal Grant GPA requirements.

• Students who lose some or all of their Cal Grant might qualify for additional UC grant aid to offset some of the loss, but that would come at the expense of other needy UC students.
  o When fully phased in, the proposal would reduce grant aid by about $2,000 for over 70,000 UC grant recipients.
  o To backfill the loss, students would be expected to work additional hours for pay or to take out additional student loans.

• UC would take a disproportionate share of the cuts. California Student Aid Commission simulations suggest that UC Cal Grant recipients would contribute half of the proposed dollar reductions.

• If adopted, the change would be a historic break from the State’s commitment to cover mandatory systemwide fees for Cal Grant-eligible students attending UC and CSU.

• If adopted, it is unclear whether UC could continue the Blue and Gold Opportunity Program, which represents a commitment that mandatory systemwide fees will be fully covered for eligible students whose parents earn less than $80,000 per year.