

APPENDIX 4

Stakeholder Perspectives on CSAC Programs and the Grant Delivery System

To gather stakeholder input, we met with representatives of all of the state's higher education segments, the K-12 sector, college access providers, college students, research and policy organizations, scholarship providers, and state and local government. Key themes emerged from those meetings, reflecting the project's focus on opportunities to reduce complexity and increase affordability.

- **Student Eligibility:** Having multiple grants with complex and varying eligibility requirements, as well as inconsistencies in how required GPAs are calculated, lead to inequities in who qualifies and for what.
- **Aid Availability and Receipt:** Funding levels and program design, and/or institutional choices affect aid availability and receipt, from whether eligible students actually receive a grant, to when they get their aid, to their access to student loans when needed.
- **Application and Award Processes:** With multiple steps that too easily become obstacles, the combined federal and state financial aid process is difficult for students and parents to navigate, and it is administratively intensive and technologically inefficient for institutions.
- **Affordability:** California's aid programs leave most low-income students struggling to cover the full cost of attendance, including at community colleges. Levels of student homelessness and food insecurity and low completion rates signal affordability challenges across the public systems, and college is harder to afford in regions with higher living costs.
- **Institutional Resources:** The funds available for financial aid administration and counseling, as well as for institutional aid, vary widely across segments and schools. Community colleges have by far the lowest resources per capita while serving the highest share of the state's low-income students.
- **Communication and Outreach:** It is harder than it should be to explain available aid and how to get it, and to make sure that potentially eligible students get needed information and support. Complex aid programs and processes, limited resources, and lack of data all contribute to communications and outreach challenges for schools, college access providers, and CSAC.

Stakeholders welcomed the opportunity to share their observations about California's financial aid programs, policies, and systems. Although they did not all have the same priorities or areas of expertise, they raised many of the same issues and examples. And they all expressed a belief that reform is both possible and necessary.

Stakeholders Interviewed

In January and February 2018, project staff gathered stakeholder input through meetings with representatives from the following systems and organizations:

State higher education and K-12 segments:

- University of California (including a campus representative)
- California State University (including a campus representative)
- California Community College Chancellor's Office
- the Association of Independent California Colleges and Universities (including two campus representatives)
- Fashion Institute of Design and Merchandising and MTI College (for-profit institutions)
- Riverside County Office of Education (representing K-12)

State agencies:

- California Department of Finance
- Legislative Analyst's Office
- Staff of the California State Legislature
- California Franchise Tax Board
- Office of the Treasurer (Scholarshare savings program)

Other stakeholders

- California Community Colleges Student Financial Aid Administrators Association
- Student Senate for California Community Colleges
- California State Student Association
- California EDGE (Education, Diversity, and Growth in the Economy)
- John Burton Advocates for Youth (which serves foster and homeless youth)
- East Bay College Fund
- uAspire Bay Area (which serves low-income high school students)
- The Institute for College Access & Success
- The Education Trust – West
- Campaign for College Opportunity
- Office of the Mayor of Oakland,
- East Bay Consortium of Educational Institutions

Stakeholder Perspectives

Here we summarize stakeholder concerns in eight themes: coverage, meeting need, complexity, timing, regional differences, federal/state alignment, efficiency, and differences between segments. For the most part, these views focus on aspects of California's financial aid system, but they occasionally refer to related topics such as state funding for public institutions and policies regarding institution and federal aid.

Because stakeholders sometimes asked not to be quoted, no names or unique identifying details are used in this summary, and no comment is attributed to a group consisting of fewer than three participants.

Coverage. Stakeholders identified several important gaps in coverage for otherwise qualified students. Recent high school graduates must earn a high school grade point average of 3.0 or higher to qualify for Cal Grant A and 2.0 or higher to qualify for Cal Grant B. Stakeholders report that small discrepancies in which courses are used to calculate high school grade point averages sometimes affects which students are eligible for a Cal Grant. The income and asset ceilings present a problem to students and families who barely exceed the maximums but have trouble affording college without state grants, which leads some to request an adjustment to their stated finances.

A specific coverage gap is the "B to A doughnut hole" or "No Cal Grant Zone," where students with income just above the cutoff for Cal Grant B and grades just below the cutoff for Cal Grant A cannot qualify for either award (though they may be eligible for a Middle Class Scholarship). Other students are excluded from eligibility because they are too old, they applied after the deadline, they applied too long after graduating from high school, or they used up their lifetime eligibility.

Students at about 20 community colleges face another coverage gap: their colleges do not participate in the federal student loan program, so they cannot take out Direct (Stafford) loans. However, the recently enacted California College Promise legislation (Assembly Bill 19), the main feature of which is to eliminate tuition and fees for all first-time, first-year community college students, requires participating colleges to offer federal loans starting in 2019.

Meeting Need. Even among state aid recipients, awards may not be sufficient to cover the price of attendance for needy students. While Cal Grants cover tuition and fees at public institutions, higher awards could cover a larger portion of students' non-tuition expenses, which for most students at public institutions exceeds tuition and fees. Stakeholders mentioned that the four-year Cal Grant eligibility limit is insufficient when many students take more than four years to earn a bachelor's degree. A representative of an institution that offers numerous shorter programs supported by Cal Grant C remarked that many graduates would like return for a bachelor's degree program but have exhausted their Cal Grant eligibility.

Some gaps in need are built in by design, particularly the feature of Cal Grant B that it does not cover non-tuition expenses in the first year. Other gaps seem to be unintended consequences of other circumstances. For instance, financial aid administrators may be reluctant to reclassify dependent students as independent, which in many cases would entitle the students to larger aid

awards. The reasons they cited were concern of being audited and found to be improperly awarding aid as well as because insufficient resources to process the required paperwork.

Complexity. A common complaint was that the state grant process was needlessly complicated and difficult for students to understand. It was widely acknowledged that existing systems were antiquated, requiring students to take many steps that a financial aid office could do more efficiently using information it already has, such as completing the G-6 Transfer Entitlement Certification Form for Transfer Entitlement Cal Grants.

Some application steps seemed out of order, requiring needless effort such as requiring students to submit grades before confirming that they met the income eligibility requirements. Others were confusing to students. Many students do not realize they need to establish a WebGrants account with CSAC to receive state grants, and even among those who do, they often do not understand why. Nor does it help matters that notices of Cal Grant awards are mailed to students without notifying the institutions they are planning to attend. When students do not realize they must create WebGrants accounts or are unable to do so on their own, their respective institutions may not even be aware that they need help.

Similarly, students attending institutions that put other aid on a payment card sometimes were not aware that they had received a Cal grant not on the card. One community college financial aid office reportedly required applicants to present a driver's license for identification, which many low-income students did not possess.

Even experienced financial aid professionals could not explain the rationale for arcane provisions of state financial aid policy like the two percent of Cal Grant B recipients at 4-year institutions whose grants cover tuition and fees in the first year. One organization attempted to diagram the various state aid programs but gave up when the flowchart became too complex. A financial aid administrator summed up the general sense of frustration in a rhetorical question: "If we can barely understand these aid programs, how can we explain them to students and parents?"

Timing. For many students, application due dates and disbursement dates are poorly synchronized with students' needs. High school graduates who decide to enroll in community colleges during the summer have already missed the March 2 application deadline. Community college students can apply for the alternate aid cycle by the September 2 deadline, but many students are unaware of this possibility. Moreover, due to resource constraints, community colleges do little to promote this opportunity, and there are fewer awards available during this period.

Moreover, even when they are awarded, state grants often arrive too late to be useful. Even then, some institutions hold grant disbursements until the start of the term to avoid making payments to students who never enroll, which means that recipients have trouble paying for critical expenses like rent and food before they receive aid. (One participant proposed a safe harbor policy by which institutions could disburse small fractions of grants before the start of the term without being held liable for no-show students.) Late payment is particularly a problem for the Chafee Grant program for foster youth, where payments can be delayed as long as four months.

Institution representatives discussed other issues with the timing of state grants. In particular, the recent change to using prior-prior year income for the Free Application for Federal Student Aid

(FAFSA) and the option for students to submit FAFSAs as early as October of the year before enrollment puts pressure on institutions to make award letters earlier. At the same time, financial aid offices can only estimate the value of Cal Grants before the legislature's June 15 constitutional deadline to pass the state budget. The timing of the state budget cycle also effectively precludes institutions with active summer enrollment from offering Cal Grants for summer terms because instruction begins before the budget is enacted.

Regional differences. While tuition and fees are relatively uniform across public campuses across the state, stakeholders acknowledged that living expenses are not. By way of illustration, the Department of Veterans Affairs sets the value of housing stipends for Post-9/11 GI Bill recipients according to regional cost of living where the institutions are located. In 2018, the maximum stipend in the CSU system ranges from \$1,358 per month (or \$12,222 over 9 months) at Humboldt State University to \$4,247 per month (or \$38,223 over 9 months) at San Francisco State University—a greater than threefold difference.¹

Federal/state alignment. Stakeholders noted inconsistencies between state and federal aid programs. Some differences work to the benefit of broader or more comprehensive financial support for California undergraduates, such opening up eligibility for most aid programs under 2011 Assembly Bill 130 (the California Dream Act) and the establishment of the DREAM loan program. In other areas, California's state grants are less generous than their federal counterparts. As described above ("Coverage"), Pell recipients may fail to receive Cal Grants because they missed the state's application deadline, they had income and assets just above the sharp eligibility threshold, they were too old, they graduated high school too long ago, their high school grades were too low, or they exhausted the period of eligibility for Cal Grants.

A separate area of concern is a state requirement that Cal Grant-awarding institutions offer at least two out of three federal campus-based programs. With the recent termination of the federal Perkins loan program and little prospect of its resurrection, that means institutions must offer both federal work-study and federal Supplemental Educational Opportunity Grants.

Efficiency. The biggest complaint from institution representatives is the inefficiency of administering the state aid programs, particularly the onerous paperwork and processing demands. This assessment was shared across the postsecondary segments. Stakeholders pointed to outdated and inefficient technology for institutions to communicate with CSAC and many manual processes that could be automated. Certain components of the application, such as income verification and participation in assistance programs like CalFresh (food stamps), could be performed by state agencies (other than CSAC) without requiring any intervention by students or institutions. Participants lauded CSAC for recent conversions of many paper forms to electronic submissions, but they complained that some processes still cannot be completed electronically, including electronic payment of certain grants. One representative singled out midyear transfer as the "biggest headache" of all.

Community colleges in particular have little incentive to encourage students to apply for and receive state aid because it is burdensome to administer and does little to support financial aid operations. Nearly all needy students already have their tuition waived by California College

¹ <https://www.vets.gov/gi-bill-comparison-tool/search?name=HUMBOLDT+STATE+UNIVERSITY;>
<https://www.vets.gov/gi-bill-comparison-tool/search?name=SAN+FRANCISCO+STATE+UNIVERSITY>

Promise Grants (formerly known as Board of Governors Fee Waivers), so state aid tends to go toward books, living expenses, and other non-tuition expenses that do not directly benefit the colleges. At the same time, community college financial aid offices have very limited funds to administer aid programs (see “Differences between segments”). One participant contended that from the community colleges’ perspective, the Cal Grant program “could almost not exist.”

Differences between segments. Stakeholders also noted differences between California’s postsecondary segments in terms of institution resources, though some of these disparities are unlikely to be addressed by changes to financial aid policy. Within the private nonprofit segment, institution representatives reported that the institutions with the most financial resources can afford to meet the full need of all students with institution grants. These institutions also tend to be the ones with the most highly selective admissions, and some maintain a need-blind policy of admitting students regardless of financial need. At the same time, they acknowledged that most private nonprofit institutions are not in such a fortunate position and that many cannot meet students’ full need with grants.

Representatives of private nonprofit institutions also stressed the philosophy of state aid programs treating public and private institutions equally, perhaps even establishing a single grant amount regardless of institution segment. They argued that students should be able to choose institutions based on what fits their needs and preferences rather than by the amount of aid the institutions are able to offer them.

Participants also pointed to differences among California’s three public segments, too. California’s community colleges have far fewer dollars per student to administer financial aid programs than other public institutions, spending only \$40 per student, compared with \$165 per student at UC and \$77 per student at CSU.² Community college staff contended that even with the economy of scale of serving a large student population, this level of funding is inadequate for the demand. Staff feel they lack the resources to even inform students about important financial aid opportunities such as the alternate September aid cycle for those who missed the March 2 deadline (see “Timing”) and the recently established Full-Time Student Success Grants. Nor do community college financial aid offices have the resources to adequately assist students with their applications. For students who do receive aid, financial aid offices sometimes cannot deliver it on time. One representative referred to research describing how many needy community college students missed out on Pell grants due to problems with the federal aid application and verification process that might have been avoided had the colleges been able to provide more one-on-one assistance to students.³ Another pointed to research showing that after accounting for federal, state, and institution aid, community colleges are more expensive to attend, on average than UC or CSU institutions.⁴

² California Community College Chancellor’s Office. May 2009. *Report to the Legislature on Increases in Capacity and Participation for Student Financial Aid in California Community Colleges for 2006-07 and 2007-08*, cited in The Institute for College Access & Success. (2010, March). *Financial Aid Facts at California Community Colleges*. Retrieved February 6, 2018 from https://ticas.org/sites/default/files/legacy/files/pub/ccc_fact_sheet.pdf.

³ Cochrane, D., with LaManque, A., and Szabo-Kubitz, L. (2010, July). *After the FAFSA: How Red Tape Can Prevent Eligible Students from Receiving Financial Aid*. Oakland, CA: The Institute for College Access & Success.

⁴ The Institute for College Access & Success. (2017, February). *What College Costs for Low-Income Californians*. Retrieved February 6, 2018 from https://ticas.org/sites/default/files/pub_files/what_college_costs_for_low-income_californians.pdf.

The Grant Delivery System

Much of the input we heard from colleges and counselors was related in one way or another to CSAC's technology. In several different meetings school officials emphasized the frustration of having to get into the CSAC WebGrants system and then having to enter data "*manually*" rather than through more efficient data uploads. One segment estimated that at least one full-time staff person at every college was dedicated solely to dealing with CSAC administrative issues.

Students, also, struggle with the technology. Of the more than 30,000 phone calls that CSAC received between November 1, 2017, and the end of February, 40 percent were about password reset and problems getting into the WebGrants system (see attached data from CSAC), which we understand does not work reliably with some common web browsers.

From our meetings with CSAC staff, our understanding is that the process has already begun to update CSAC's technology. That update that is sorely needed. A data system that allows for changes to be made more easily, and for data to be checked for accuracy in real time, will certainly reduce the need for manual entry by either CSAC or school officials. Incorporating the possible consolidation or simplification of programs into the modernization plan could facilitate both efforts.

With newer technology coming, now is the the perfect time to examine each task and process to determine whether there is a way to eliminate the need for the process (rather than just replicating current processes into a new system). The best system would build off of the FAFSA and not require students to create separate accounts with CSAC at all, except for in situations such as Dreamers. Only after exploring whether there are ways to eliminate processes should CSAC attempt to implement current processes using the new technology.

Further, in building and budgeting for the updated system, consider the programming needs of the schools and colleges that interact with CSAC. Include the lead time and resources to provide colleges with updates to their own data management software, so they can interact efficiently with CSAC.

[Provided by CSAC]

Call Center Statistics from October 1, 2017 through February 28, 2018

The Call Center received 30,062 calls from November 1, 2017 through February 28, 2018. Our Shortel reports break the calls down by the 11 queues listed below. The most popular queues are Password Reset and Cal Grants—English accounting for approximately 80 percent of our calls. Shortel does not provide information on the types of calls received under each queue.

Our staff report weekly on the top types of calls they are receiving. Based on those reports, here are the top reasons students and parents call when they select the option for the top two queues.

Reasons for Cal Grant English calls:

- Reasons for Disqualification
- Claiming Cal Grant award
- How to remove hold from account

Reasons for Tech Help Desk calls:

- Password Reset (students forgot password, browser issues, inactive accounts)
- Cannot access WebGrants for Students (incompatible browser)

November 1, 2017 - February 28, 2018		
Queue	Calls	% of Total
Password Reset	11,819	39.3%
Cal Grants English	12,563	41.8%
Cal Grants Spanish	243	0.8%
Dream Act English	2,251	7.5%
Dream Act Spanish	189	0.6%
Chafee Spanish	1	0.0%
Chafee English	1,344	4.5%
APLE English	506	1.7%
APLE Spanish	5	0.0%
MCS English	1,127	3.7%
MCS Spanish	14	0.0%
Total Calls	30,062	100.0%

CSAC started using the language line in December 2017. These are the latest stats from February 2018. We used the Language Line service to respond to 76 calls:

- 1.3% Arabic (1 call)
- 1.3% Vietnamese (1 call)
- 97.4% Spanish (74 calls)