



California Higher Education Policy Institute

FOR LEGISLATIVE STAFF



Demystifying the Cal Grant Program and Plans for Reform

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For over 60 years, the Cal Grant program has stood as a cornerstone of California's commitment to making higher education accessible and affordable by offering crucial state-funded financial aid to eligible students. However, the postsecondary landscape has evolved significantly since the program's inception, creating complexities and limitations within the current system. This primer provides an overview of the current Cal Grant program, traces the trajectory that led to current reform efforts, and offers a high-level comparison between the existing program and the modernized version.



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The Current Cal Grant Program: A Patchwork of Options

- **Various Cal Grant awards:** The current system offers three main types of Cal Grant awards (Cal Grant A, B, and C), each with its own eligibility requirements and award amounts depending on where students go to college. Some grants are awarded to all students that meet grant qualifications (called entitlement grants). Others have only a limited number of awards available (called competitive grants), so not all eligible students will receive awards. This layering and complexity make navigating the Cal Grant program challenging for students and administrators and create barriers for college access and completion.
- **Eligibility hurdles:** The complex matrix of varied eligibility criteria for each award makes the current Cal Grant system difficult to navigate. Factors such as GPA thresholds, time out of high school limitations, and age requirements vary across the awards, creating unnecessary hurdles and confusion for deserving students.
- **Limited scope:** While Cal Grants help with tuition and some non-tuition costs, they often fall short of covering the full cost of attending college. Students often struggle with non-tuition expenses such as housing, food, textbooks, child care, and other living expenses.

The result: Many students, especially first-generation students, adult learners, and student parents, face financial barriers that leave them shouldering significant debt, working long hours, or putting their college dreams on hold. The current program structure exacerbates inequalities and hinders social mobility.

Rising Concerns and the Path to Modernization

For several years, students and advocates noted the deep inequities in the current Cal Grant system. Their efforts led Assemblymembers Jose Medina and Kevin McCarty and Senator Connie Leyva to author legislation in 2019 ([AB 1314](#) and [SB 291](#)) aimed at modernizing the Cal Grant program and called for the convening of a work group to make formal recommendations and cost estimates on suggested reforms. The diverse work group, which included students, educators, higher education leaders, policy leaders, experts (including California Competes), and advocates, collaboratively advised the development of the [Cal Grant Equity Framework](#).¹ The framework prioritizes students' needs and addresses the following key policy objectives:

- **Simplify the system** by streamlining state aid and aligning it with federal changes for easier navigation.
- **Promote equity** by reducing eligibility barriers to ensure all deserving students receive the financial support needed for college success.
- **Address true cost** by promoting greater recognition of living expenses, not just tuition, as part of the total cost of attendance.
- **Reduce debt** by providing more non-tuition aid, so students rely less on loans to pay for college.
- **Enhance support** by leveraging and maximizing receipt of state, federal, and institutional financial aid to help close the affordability gap for students.
- **Streamline the application process** so that it is more straightforward for students and families.
- **Reach more students** by expanding financial aid that will provide them with the opportunity to pursue higher education.



The contents of this framework shaped the 2021 Cal Grant Reform Act (AB 1456). In 2022, Governor Gavin Newsom and legislative leaders committed to funding the reform beginning in the 2024–25 academic year, contingent on stable state revenue.² However, with California now facing at least a \$38 billion deficit, Governor Newsom has not included the funding in the January proposed budget, casting doubt on whether the reform will be partially or fully funded this year.³ Several legislators have noted their commitment to the reform principles and indicated that they are willing to consider a phased implementation of the reform, if financially feasible.

Proposed Cal Grant Reform: Streamlining for Increased Affordability

Cal Grant Reform includes three main changes to the current Cal Grant program, outlined below.

- **Two simplified Cal Grant programs:** The reform proposes replacing the various Cal Grant awards with two main awards:
 - Cal Grant 2, which focuses on supporting students attending California’s community colleges; and
 - Cal Grant 4, which assists students enrolled in four-year universities.
- **Eligibility streamlined:** Cal Grant Reform removes eligibility restrictions based on age and time out of high school and simplifies GPA requirements (with no GPA requirements for community college students and a single minimum GPA requirement (2.0) for university students). This simplified approach reduces confusion and streamlines administration.
- **Addressing the full cost of attendance:** Award amounts would increase and be indexed for inflation to ensure they keep pace with rising costs. Additionally, the reform explores ways to better address non-tuition expenses, including improved coordination with various public benefit programs, such as CalFresh, to provide comprehensive financial assistance.

The vision: By broadening eligibility criteria, addressing non-tuition expenses, and prioritizing student well-being, the reform aims to extend opportunities to a wider range of students, recognizing that today’s students (and potential students) are much more diverse than the student body was when the Cal Grant program was created.



Comparison of Current Cal Grant Program and Cal Grant Reform

Table 1 summarizes the key differences between the current Cal Grant program and the proposed Cal Grant Reform.⁴

TABLE 1. OVERVIEW OF CAL GRANT CHANGES		
Feature	Current Cal Grant Program	Cal Grant Reform
Program Structure	<p>Three main award types:</p> <ul style="list-style-type: none"> • Cal Grant A (tuition assistance for four-year universities) • Cal Grant B (tuition and living expenses for four-year universities and community colleges) • Cal Grant C (tuition and training fees for vocational programs) 	<p>Two streamlined award types:</p> <ul style="list-style-type: none"> • Cal Grant 2 (living expenses for students attending California Community Colleges) • Cal Grant 4 (tuition assistance for students enrolled in four-year universities)
Eligibility Requirements	<p>Age:</p> <ul style="list-style-type: none"> • Entitlement awards are limited to recent high school graduates, transfer students under age 28, and community college students. <p>GPA:</p> <ul style="list-style-type: none"> • Minimum GPA ranges from 2.0 to 3.0, depending on award type. <p>Income:</p> <ul style="list-style-type: none"> • Program-specific income ceilings vary by award type. 	<p>Age:</p> <ul style="list-style-type: none"> • No restrictions related to age or time out of high school. <p>GPA:</p> <ul style="list-style-type: none"> • No GPA requirement for community college students; minimum GPA of 2.0 for university students. <p>Income:</p> <ul style="list-style-type: none"> • Income ceilings largely aligned with the federal Pell Grant program (generally lower than current ceilings).
Award Amounts	<p>Tuition:</p> <ul style="list-style-type: none"> • Generally, full tuition coverage at public universities and a fixed amount of tuition coverage at private universities.^{a, b} <p>Nontuition:</p> <ul style="list-style-type: none"> • Awards of \$1,648 for Cal Grant B recipients at all segments.^c 	<p>Tuition:</p> <ul style="list-style-type: none"> • Full tuition coverage at public universities and a fixed amount of tuition coverage at private universities.^a <p>Nontuition:</p> <ul style="list-style-type: none"> • Awards of \$1,648 at community colleges, with the amount adjusted annually for inflation. Generally, no non-tuition awards for university students.^b
Projected Student Recipients (2024-2025)^d	418,019	498,207
Projected State Spending (2024-25)^d	\$2.54 billion	\$2.79 billion

^aThe state provides full tuition coverage for California Community Colleges (CCC) students with financial need through a separate program, the California College Promise Grant.

^bFirst-year Cal Grant B recipients generally do not receive tuition coverage.

^cStudents with dependent children and foster youth are eligible for up to \$6,0000 in non-tuition coverage at all public and private nonprofit institutions.

^dReflects California Student Aid Commission estimates as of Governor's Budget.

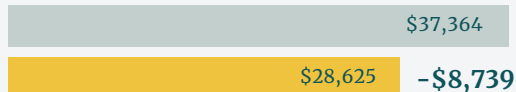
Under the Cal Grant Reform, the number of recipients and their demographics would change, with a shift in aid allocation toward older students and those with a lower income. The reform would double the number of student parents receiving aid, increase the number of first-generation students by 38 percent, and increase the number of female recipients by 36 percent. Figure 1 illustrates the student demographic changes between the current Cal Grant recipients and those under the proposed Cal Grant Reform.⁴

FIGURE 1. CHANGES IN STUDENT DEMOGRAPHICS UNDER CAL GRANT REFORM

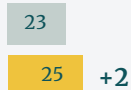
Number of Recipients



Recipients' Average Income



Average Age



Latinx



African American



Asian



California Dream Act Applicants



First-Generation Students



Student Parents



Notes

1. California Student Aid Commission. *Cal Grant Equity Framework*. <https://www.csac.ca.gov/cal-grant-equity-framework>
2. California Student Aid Commission. *A Milestone for Student Equity: The Cal Grant Equity Framework Prioritizes College Affordability and Eligibility*. https://www.csac.ca.gov/sites/main/files/file-attachments/cal_grant_equity_and_the_2022-23_state_budget.pdf?1661204719
3. California Competes. *Budget Tightrope: Governor's 2024-25 Proposal Aims to Balance Strategic Investments in Higher Education with Fiscal Realities*. (2024, February 13). <https://californiacompetes.org/resources/analysis-of-the-governors-2024-25-budget-proposal/>
4. California State Assembly. *Assembly Budget Subcommittee No. 3 on Education Finance – Agenda*. (2024, March 19). <https://abgt.assembly.ca.gov/system/files/2024-03/sub-3-march-19-agenda-final.pdf>

