

Cal Grant GPA Increases Would Hurt College Completion Rates

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Governor Brown's 2012-13 proposed budget would substantially raise the grade point average (GPA) thresholds required to receive new Cal Grants, locking out more than a third of applicants currently eligible for entitlement grants -- particularly those who need Cal Grants to stay enrolled and complete college.

These extreme cuts to eligibility would lock out a substantial portion of students currently eligible for Cal Grants.

More than one-third of new applicants offered entitlement Cal Grants in 2010-11 had GPAs below the proposed cutoffs. Specifically, based on 2010-11 new entitlement grant applicant pools¹:

- 25% of applicants offered Cal Grant A awards would become ineligible
- 43% of applicants offered Cal Grant B awards would become ineligible
- 17% of applicants offered Transfer Entitlement awards would become ineligible

This cut would hit low-income and underserved students the hardest.

- At California's public colleges, almost two-thirds of Cal Grant recipients below the proposed cutoffs are African American or Latino.²
- Three out of four students who would lose eligibility are those currently eligible for Cal Grant B.³ In 2010-11, a typical new Cal Grant B recipient had a family size of 4.2 and income of \$19,184⁴ – over \$3,000 below the federal poverty guideline of \$22,350 for families of four.⁵
- The majority of new Cal Grant B recipients attend community colleges.⁶ Community college students who apply for aid and have financial need are already much less likely to receive Cal Grants than their peers at other colleges, and this will get worse if eligibility for Cal Grant B awards is constricted.⁷

The Governor's proposal would take away grant aid from the very people whom it is mostly likely to help succeed.

- Students' likelihood of persisting in and completing college is related to a number of factors, including their income, the rigor of their high school, and whether their parents attended college.⁸ References by the Administration to low college persistence rates of students with lower GPAs do not account for any of these factors, or whether the receipt of need-based grant aid made a difference.⁹
- In fact, new research on the effects of need-based grant aid suggests that students with lower GPAs see the most significant increases in college persistence as a result of receiving grant aid.¹⁰

Raising the GPA thresholds for transfer entitlement awards also hurts students who have already demonstrated that they can succeed in college. Rationalizing the eligibility cuts by stating the need to "focus limited financial aid resources on those students who are most likely to complete their degrees"¹¹ ignores the reality that transfer entitlement applicants have completed their CCC coursework and gained acceptance to a four-year college, proving that they have what it takes to succeed in college.

Raising the GPA thresholds for the 2012-13 award year pulls the rug out from under high school students who don't have enough time left to raise their grades. Cal Grant GPAs include sophomore and junior year grades, so tens of thousands of graduating seniors who believed they had earned Cal Grants would instead find themselves shut out.¹² Even many juniors would be unable to raise their cumulative GPAs sufficiently to reach the new thresholds before their junior year ends.

This proposal creates the wrong incentive for California students, at the wrong time for California. Research on Georgia's state aid program, the HOPE Scholarship, found that the program's high GPA requirements led students to avoid math and science classes to maintain grant-eligible GPAs.¹³ The proposed GPA increases for Cal Grants could create the same harmful incentive here, deterring students from taking challenging math and science courses at a time when the state desperately needs more STEM graduates. Research also suggests that the merit-based HOPE Scholarship has widened racial and income gaps in college attendance, particularly for African-American students – a population that would be disproportionately harmed by the Cal Grant proposal.¹⁴

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- ¹ California Student Aid Commission. 2011. *California Student Aid Commission 2010-11 Cal Grant Program Recipients*. Rancho Cordova, CA: California Student Aid Commission.
- ² TICAS calculation based on data provided by the California Community Colleges, the California State University, and the University of California.
- ³ TICAS calculation based on data from California Student Aid Commission. 2011. *California Student Aid Commission 2010-11 Cal Grant Program Recipients*. Rancho Cordova, CA: California Student Aid Commission.
- ⁴ California Student Aid Commission. 2011. *2010-11 Facts at Your Fingertips: High School Entitlement Cal Grant Program*. Rancho Cordova, CA: California Student Aid Commission.
- ⁵ U.S. Department of Health and Human Services. 2011. *Annual Update of the HHS Poverty Guidelines*. <http://aspe.hhs.gov/poverty/11fedreg.shtml>.
- ⁶ California Student Aid Commission. 2011. *California Student Aid Commission 2010-11 Cal Grant Program Recipients*. Rancho Cordova, CA: California Student Aid Commission.
- ⁷ TICAS, 2010. "Financial Aid Facts at California Community Colleges." Oakland, CA: TICAS.
- ⁸ Moore, Colleen and Nancy Shulock. 2009. *Student Progress toward Degree Completion: Lessons from the Research Literature*. Sacramento, CA: Institute for Higher Education Leadership & Policy.
- ⁹ *Governor's Budget Summary 2012-13*. Sacramento, CA: Office of Governor Edmund G. Brown Jr.
- ¹⁰ Goldrick-Rab, Sara, Douglas N. Harris, James Benson and Robert Kelchen. 2011. *Conditional Cash Transfers and College Persistence: Evidence from a Randomized Need-Based Grant Program*. Madison, WI: University of Wisconsin-Madison.
- ¹¹ *Governor's Budget Summary 2012-13*. Sacramento, CA: Office of Governor Edmund G. Brown Jr.
- ¹² It is possible, but very unlikely, that some of these students could become eligible for Cal Grants if they attend college and 'reestablish' an eligible GPA. With a college GPA above the cutoffs, students can apply for a limited pool of competitive Cal Grants. For 2010-11, fewer than one in ten eligible competitive Cal Grant applicants was offered a grant.
- ¹³ Cornwell, Christopher, Kyung Hee Lee and David B. Mustard. 2006. *The Effects of State-Sponsored Merit Scholarships on Course Selection and Major Choice in College*. Bonn, Germany: The Institute for the Study of Labor (IZA).
- ¹⁴ Dynarski, Susan. 2000. *Hope for Whom? Financial Aid for the Middle Class and Its Impact on College Attendance*. Cambridge, MA: National Bureau of Economic Research.