

State University Grant (SUG) Funding and Awarding Policy

Issue A majority of CSU campuses are reporting that they have balances available in their 1999-2000 State University Grant allocations ranging from \$28,000 to \$770,000. The systemwide total is estimated at \$3.7 million.

Background In 1992-93, students with need who did not receive a Cal Grant were eligible for a State University Grant equal to the State University Fee. Beginning in 1993-94, a sliding-scale based on Expected Family Contribution (EFC) was introduced in order to ration State University Grant awards among eligible students because the number of eligible students grew significantly in response to the 40 percent fee increase. For 1993-94, SUG funds were limited to students with EFCs of \$5,000 or lower and the award schedule was reduced in 1994-95 to students with EFCs of \$4,000 or lower. Students with EFCs of \$800 or less receive a SUG equal to 100 percent of the State University Fee those from \$801-1600 receive 80 percent; \$1601-2400, 60 percent; \$2401-3200, 40 percent; and \$3201-4000, 20 percent.

State University Grant allocations and estimates of the need for SUG funding are based on a comprehensive analysis of the financial need of students as reported annually by campuses. The most recent available data for 1998-99 indicated an aggregate need for SUG for 1999-2000 of approximately \$117 million. A total of \$110 million was allocated for 1999-2000.

There are two primary reasons why the need for SUG has declined:

- Increases in the Cal Grant programs for 1999-2000 generated an additional 3,000 awards to CSU students (approximately \$4 million); and
- Changes in the enrollment patterns of SUG-eligible students.

For 2000-2001, the available State University Grant funding is \$114 million. Absent increases in enrollment of SUG eligible students and assuming some increase in the number of Cal Grants to CSU students, it appears that under the current awarding policy of rationing funds to students on the basis of EFC increments, campuses will not be able to expend their entire SUG allocations for 2000-2001.

Recommendation Effective immediately, modify the State University Grant policy from awarding students with an EFC of \$4,000 or less a SUG that covers a portion of the State University Fee to awarding a SUG that covers 100 percent of the State University Fee paid by the student. For 2000-2001, \$114 million will be available for the State University Grant program. The revised awarding policy will generate a need of approximately \$129 million. Since the need for SUG will exceed the available fund, campuses will be authorized to establish awarding priorities consistent with their missions and priorities established for other campus-based financial aid funding.

Campuses may revise SUG awards for the current year or carry-forward to 2000-2001 any balances in their SUG account to augment 2000-2001 SUG allocations.

The modified awarding, permitting SUG awards to fully cover the State University Fee, will put SUG on par with the fee coverage for Cal Grant recipients. Full fee coverage by SUG will also serve as an incentive to encourage summer enrollments and will significantly simplify awarding for the various summer fee schedules being proposed by campuses.

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