FACT SHEET: BOG Fee Waiver Administrative Change Regarding $1 Need

- The Chancellor’s Office recently announced an administrative change in the calculation of eligibility for Board of Governors Fee Waivers (BOGFW) for students filing a Free Application for Federal Student Aid (FAFSA) and qualifying on the basis of financial need. This change will bring the BOGFW program into conformity with principles and practices that apply to all other need-based financial aid programs.

- Currently, a student who demonstrates $1 of financial need qualifies for a fee waiver. Because an eligible student has all enrollment fees waived regardless of the amount, students have been able to receive fee waivers in excess of their financial need. The new methodology will limit eligibility to students whose financial need is at least equal to the enrollment fees for a full-time student (12 units per term). For 2012-13, minimum need is $1,104. Students will remain eligible for a BOGFW to cover any number of units as long as they demonstrate financial need equal to or greater than the minimum.

- This change will affect a very small cohort of students. We estimate a loss of eligibility for approximately 21,000 fee waiver recipients system wide -- less than 1.7 percent of current recipients.

- Only recipients at the upper end of the currently-eligible income spectrum will be affected. Because need is determined by a complex formula that takes into consideration many factors, it is not possible to identify an exact income cut-off for eligibility. Here are examples of the types of students who will be affected:

  **A single student over the age of 24 with no children**
  Income is $71,500 per year; $2,000 in savings
  Estimated Family Contribution (EFC) is $16,929
  Cost of Attendance (COA) is $17,889
  Financial need (COA minus EFC) is $960 – Not eligible

  **A married student with one child**
  Combined income is $100,000 per year; $500 in savings
  EFC is $17,053.
  COA is $17,889
  Financial need is $836 – Not eligible

  **An 18 year old student living with parents in a family of four**
  Parents’ income is $85,000 per year; $12,000 in assets
  EFC is $10,625.
  COA is $11,445.
  Financial need is $820 – Not eligible

- The BOGFW program continues to be a critical tool for access to the California Community Colleges. To the extent its innovative approaches to financial aid delivery continue to serve students well they should be retained. However, the $1 of need policy has generated scrutiny and criticism of the program and it cannot be justified under modern conditions. This is a necessary change to guard program integrity and ensure continued support from the legislature and Governor.
Background

- In 1984, California enacted the first community college enrollment fee at $5 per unit, with a maximum of $50 per semester and $100 per year. The same legislation required the Board of Governors to establish a financial aid program to negate the effect of the introduction of enrollment fees on access for low income students. The program was designed to make sure that students with financial need did not face a barrier to enrollment.

- The original version of the program now known as the Board of Governors Fee Waiver (BOGFW) had to minimize administrative responsibilities for financial aid operations, which had not seen the advent of computers and automation. Financial aid offices had responsibility for administering and coordinating all federal, state and institutional aid programs with paper applications and manual processes and had skeleton staffs. One of the strategies for implementing the new program with minimal administrative requirements was to award BOG grants/fee waivers to any student demonstrating at least $1 of financial need.

- Three separate fee increases totaling 130% over the last 30 months coupled with the multi-year recession increasing demand for financial aid have fueled explosive growth in BOGFW recipients, who currently number more than 1.13 million. The system has forgone $411 million in fee revenue to support fee waivers. As a result, there has been a great deal of attention focused on program policies and administration.

- In virtually all other federal, state, and institutional need-based financial aid programs, “demonstrating need” is defined to mean “full need for the aid awarded.” Present day financial aid operations have superior technology capabilities and automated processes for BOGFW application review, awarding and disbursement, thus making reconsideration and adjustment of the longstanding administrative guidance possible.

- This administrative change was made in response to concerns expressed by stakeholders, constituents, and control agencies and in consultation with the Financial Aid Technical Advisory Committee.