

*California Student Aid Commission*Consideration of student eligibility for the California  
Community College Transfer Entitlement Program

The Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Cal Grant Program) provides financial aid for students through a structure arranged around different and broad categories of students. Very generally speaking:

- Students who have just graduated from high school, or are one year out from high school graduation, may be eligible for Cal Grant A and B Entitlement Awards. They can use these awards at community colleges, at four-year colleges, and at occupational and career colleges in instructional programs of at least one or two academic years, depending on whether the award is a Cal Grant A or B. This is the largest category of Cal Grant students, awards, and funding.
- Students who do not have Cal Grant A and B Entitlement Awards, but earn at least 24 units at a community college and transfer to a four-year college before they are 28 years old, may be eligible for California Community College Transfer Entitlement Awards.
- Students who did not graduate from high school, but have taken some coursework at a college or community college, may be eligible for the Competitive Cal Grant A and B Awards, which are limited to 22,500 awards per year. These awards are also open to high school graduates who are not eligible for Cal Grant A and B Entitlement Awards. There is no age limit for the Competitive Cal Grant A and B Awards.
- Students who graduate from high school and enroll in occupational or technical training of not less than four months may be eligible for Cal Grant C Awards.

The issue here involves the second category of students and the California Community College Transfer Entitlement Awards (Transfer Entitlement Awards). The basic questions are: Does a student's eligibility for this award depend on how long of a delay there is between the student's attendance at the community college and his or her attendance at the four-year college? If so, how long of a delay should be allowed?

Our current practice allows a student to receive a Transfer Entitlement Award if he or she attended the community college in the academic year immediately before the academic year the award would be used at the four-year college. For example, a student could receive a Transfer Entitlement Award for academic year 2012-13, if he or she attended community college during the fall or spring term of the 2011-12 academic

year and began attending the four-year college during either the fall or spring term of 2012-13 academic year.

A different interpretation has been suggested: There is no limit on the delay between community college attendance and attendance at the four-year college; the law, itself, sets a practical limit: the student has to be younger than 28 by December 31<sup>st</sup> of the award year. Under this interpretation, a student who attended community college right out of high school, earned 24 units, stopped attending because he or she had to work, then, 9 years later, is accepted to a four-year college at age 28, would be eligible for a Transfer Entitlement Award.

There is room for interpretation, and both perspectives can find support in the law. This means the Commission is legally free to treat the issue as a policy question.

The current practice is consistent with the intent and structure of the Cal Grant Program. The program encourages timely education progress by setting limits to discourage delays, such as the two-year limit on high school graduates' eligibility for Cal Grant A and B Entitlement Awards. The ability of community college students to reserve their Cal Grant A Entitlement Awards is a particularly relevant example. Cal Grant A awards pay tuition and fees, but community college students who qualify for these awards do not pay fees. These students can reserve their awards and use them when they attend a tuition- or fee-charging college. However, there are limits on the time a student can take between attending the community college and the tuition- or fee-charging college. The student must transfer his or her reserved award within two academic years. An additional year is possible if the Commission determines that the student has made acceptable academic progress given his or her personal and financial circumstances.

The Cal Grant Program provides a safety valve for students who cannot meet the time limits: the Competitive Cal Grant Awards – the third category of awards described above - for which there are no comparable time limits on eligibility.

Yet, it can be argued in support of the different interpretation, unlike the time limits expressly stated for reserving the community college awards, there are no expressly stated time limits for the Transfer Entitlement Awards, so none must have been intended. In this absence, the purpose of the Cal Grant Program and the Commission's mission are better served by allowing the greatest access to higher education for students that are financially needy, and by refusing to impose artificial time limits on students who may have attended community college years ago, but because of personal or financial challenges, have been unable to avoid a delay in attending a four-year college. The Competitive Program, while serving an important purpose, is limited to 22,500 awards per year, far fewer than the eligible pool of students, and, thus, is a wholly insufficient alternative.

We have estimated the fiscal effects of a change in policy, and they are significant. Using the take rates in our projection model, the change in the Transfer Entitlement Program could increase costs by up to \$70 million for an additional 9,000 students in the first year, with increases each year after. We are unable to estimate any additional increases resulting from behavioral changes by students or by four-year colleges who will want to serve these students. The original concept when the Transfer Entitlement Program was created in 2000 envisioned community college students transferring to UC and CSU, and to the private non-profit institutions. UC and CSU will be severely

challenged to serve additional students given budget pressures. Thus, we think it likely that the private non-profit institutions, and the for-profit institutions that were not as sizeable a segment in 2000, will serve a significant portion of the additional students.

Finally, whatever the decision, we recommend that the Commission authorize us to take all necessary steps to complete the rulemaking process to put the Commission's decision into effect. This discussion is necessary in the first place to clarify the Cal Grant law. This clarification would result in a general rule requiring the Commission to adopt a regulation.

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