

Exhibit 3

Information/Action Item

Update on Competitive Cal Grant Program, including leaves of absence

This report provides the Commission with an update on the Commission staff’s continued efforts to increase participation in the Competitive Cal Grant program. The completion of the 2013-14 academic year marked the first full-year in which the Commission staff closely monitored institutional paid rates for Competitive Cal Grant awardees and took active steps to assist institutions identify and remedy delivery issues. Commission staff also increased the number of communications to unpaid students and sent email reminders to them on a regular basis. These efforts produced a very significant increase in both paid program participants and in the number of deferred grants.

In comparison to prior year paid and utilization rates, Commission staff continues to make progress in achieving the Commission’s goal of maximizing the use of Competitive Cal Grant awards. The increase in the utilization and paid rates can be attributed to the workgroup recommendations which led to implementing new adjustment codes and additional school trainings offered by Commission staff. These efforts included gathering stakeholder input, and contacting schools individually who had low numbers of paid students on their Cal Grant rosters, to offer assistance. Increasing the number of direct communications to students also helped to inform these students of their Cal Grant payment status.

As reflected by the increase in the number of Competitive Cal Grant payments and deferments, outreach efforts have had a significant impact on the 2013-14 utilization rates. Since our last Commission meeting in June, the utilization rate for 2013-14 has increased to 116.8 percent, compared to 72.9 percent in the 2012-13 academic year as indicated in Chart 1. Additionally, the paid rate to date is 89.4 percent or 19,262 of the 22,500 authorized awards.

Chart 1

Year Cal Grant Awarded	Recipients			Percent of 22,500	Recipients Deferring Payment to Future*			Total Recipients	Percent of 22,500
	Paid	CC Reserve	Total		Leave of Absence	Other	Total		
2013-14	19,262	855	20,117	89.4%	2,939	3,200	6,139	26,256	116.8%
2012-13	15,576	592	16,168	71.9%	187	57	244	16,412	72.9%

**Deferred awards, once paid, will be counted in the academic year in which it was offered.*

2013-14 Competitive Cal Grant Deferments (Leaves of absence and other codes)

Students who are offered a Cal Grant and are unable to use it in the academic year is it was awarded can have the award deferred to the next academic year. An authorized school official can post a deferment code for the student if they determine the student may be eligible for the award in

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the next term or academic year. The offered awardee can also post a leave of absence for a term or an academic year if he or she is unable to attend due to circumstances which prevent them from receiving payment of the award. Schools and students access the deferment codes in WebGrants and WebGrants for Students and are tracked on the Cal Grant rosters. During the 2013-14 academic year, the most common deferment code used is the leave of absence which accounted for 2,939. Leaves of absence are typically used by students for extenuating circumstances, personal reasons and enrollment issues. Schools reported 2,939 students with other deferment codes which are related to eligibility such as enrolled less than half-time and not meeting satisfactory academic progress. Using these deferment codes, offered awardees can renew their Cal Grant to the next term or academic year without receiving a payment in the initial award year.

A total of 6,139 unpaid 2013-14 Competitive Cal Grant offered awardees were renewed for the 2014-15 academic year and are currently active on the 2014-15 Cal Grant payment roster. Students who are enrolled and qualify for a payment will be reported on the Cal Grant roster. To achieve a maximum paid rate of 100 percent (22,500) for the 2013-14 academic year, actual payment of funds can be delivered only to 3,238 or 53 percent of the 6,139 unpaid Competitive offered awardees. This means the remaining 2,901 unpaid offered awardees will not be eligible for a Cal Grant payment and will be withdrawn from the program to ensure that the 22,500 statutory maximum number of paid recipients is not exceeded.

As indicated in Chart 2, about 19 percent of the deferred 2012-13 Competitive Cal Grant award offers were paid in the subsequent year. Based on the low percentage of returning students who were paid in the next academic year, the possibility of paying 53 percent (3,238) of the deferred awards is unlikely. However, staff is prepared to withdraw award offers should the paid rate reach 100 percent.

Chart 2

Award Year	First Payment received in			Payment Deferred to Future		
	Same Year	One Year Later	Beyond One Year	Leave of Absence	Other	Total
2013-14 to-date	19,262			2,939	3,200	6,139
2012-13 to-date	14,972	766		3,513	453	3,966

Communications to Offered Awardees

Since October 2013, over 77,000 communications were sent to the unpaid 2013-14 Competitive Cal Grant offered awardees that did not have a fall payment or status code posted on the campus Cal Grant payment roster. These monthly communications reminded the students of their Cal Grant award offer and provided them with information on the steps to take to get paid if they were enrolled. The communications also advised students that the Competitive Cal Grant award was not guaranteed based on the statutory limit of 22,500 Competitive awards. Students were advised that once the limit is reached no additional award offers can be paid beyond the 22,500.

To get an idea of how many of the 2013-14 Competitive deferred award offers could be paid out during the 2014-15 academic year, Commission staff sent a follow-up communication on July 15, 2014. The communication reminded these unpaid students of their 2013-14 Competitive Cal Grant award offer and asked them to let us know of their plans to use their Cal Grant award for the upcoming school year. Of the responses, 635 indicated they planned to use the award while 80

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students indicated that they would not be enrolled. The 80 students will be withdrawn based on their response to not utilize the award.

The 2014-15 fall term, has started for many campuses and Cal Grant funds are now available to begin making Cal Grant payments to eligible students. A series of communications is scheduled to begin this fall to unpaid new and renewal competitive students who remain eligible for their Cal Grant award.

Monitoring 2013-14 Cal Grant Payments

During the summer months, Commission staff continued to work directly with campuses to update the 2013-14 Cal Grant payment rosters and to pay students or post valid transaction codes to defer a student's award. Many campuses made every effort to identify eligible students and pay them. While the 2013-14 Cal Grant rosters remain open through the end of the calendar year, campuses can retroactively pay eligible students who qualified for their payment.

Commission staff will continue to monitor Cal Grant payment rosters to ensure that no more than 22,500 of the 2013-14 Cal Grant award offers are paid. Campuses will be encouraged to update their rosters to identify ineligible students so that communications can be sent and students can be informed of their status. These communications will allow eligible students to respond and make school changes or take the necessary steps to get their Cal Grant award paid.

2014-15 Actions Implemented to Increase Competitive Paid Rate

As reported at the Commission's April 10, 2014 meeting, Commission staff recommended several actions based on the consultation of the Competitive workgroups to increase the number of paid Competitive Cal Grant offered awardees. During the last several months, staff took the necessary steps to implement the new processes to increase the number of paid Competitive Cal Grant offered awardees.

For the 2014-15 academic year, staff implemented the following:

1. Increased the points assigned to the Grade Point Average (GPA) in the selection criteria for the Competitive Grant from 200 to 1,000. This change has been made and the remaining groups of Competitive applicants not initially selected for an award offer are much smaller than in prior award cycles. Should additional award offers become available, Commission staff can offer the next group of students an award.
2. Established a process for Competitive offered awardees to indicate whether or not they will utilize their Competitive award during the year for which they were awarded. Competitive offered awardees can accept or decline the Competitive Cal Grant award offer on their WebGrants for Students account and indicate a reason for declining the award offer. Award offers that are declined will be considered in awarding the next group of eligible Competitive students.

Prior to withdrawing any award offer, multiple communications will be sent to the unpaid students to give as much opportunity to receive a payment. All communications will encourage students reapply for a Cal Grant by the next March 2 deadline if they do not use the award offer but plan to attend college in the next academic year.

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Cal Grant Payment Training

Commission staff will continue to monitor rosters on a weekly basis to identify and assist campuses that may need training or other support to update student records. In addition, monthly trainings will be offered to assist new staff responsible for administering the Cal Grant program.

Recommendation for Offering More Competitive Awards

Several actions recommended by the staff's Competitive Cal Grant Program workgroups and committees were implemented to increase the number of paid Competitive award offers. Staff will closely monitor the prior year unpaid awards and report out at the November Commission meeting the paid rate for those 2013-14 offered awardees receiving their first payment during the 2014-15 academic year.

Commission staff believes that the steps taken to increase the number of paid Competitive awards will continue to improve the utilization rate. As students respond to the communications and indicate they will not utilize the award, those awards should continue to be offered to other eligible students. In an effort to pay 100 percent of the award offers staff recommends that the Commission adopt the following actions:

1. Establish a deadline to withdraw Competitive award offers not utilized and identify the next group of eligible students to award. This withdrawal would occur after a series of communications are made to contact the student and the campus.
2. Report back at the November Commission meeting the deadline set to withdraw students and the number of unpaid students that would be notified.

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