

This agenda item: “Consideration of paid rates for Cal Grant Entitlement awards” was considered by the Strategic Policy and Planning Committee on November 7, 2014.

Exhibit 4

Information/Action Item

Consideration of paid rates for Grant Entitlement awards

Transfer Entitlement Program

Senate Bill (SB) 1644 (Chapter 403, Statutes of 2000) established the Cal Grant Program to provide educational opportunity by ensuring both student access to and selection of an institution of higher education for students with financial need. To that end, the Community College Transfer Cal Grant Entitlement Program was structured to provide the same guarantee of Cal Grant eligibility to California students who start at community college and transfer to a four-year college or university some years later, as the Cal Grant Entitlement Program provides to high school students entering directly into a four-year college or university.

In 2006, AB 2813 expanded the age limit of Transfer Entitlement students from 24 to the current 27 years of age in recognition that students were taking longer at the community colleges or starting later. In 2014, we are seeing new trends that give rise to the need for other potential amendments to the law in order to maintain the extant policy goal of providing the Cal Grant guarantee to transfer students.

At the September 18, 2014 Commission meeting, staff provided an overview of the Transfer Entitlement Cal Grant (E2) program followed by a detailed discussion on the progression of the program, historical benchmarks and current participation rates. Although the E2 program serves as a second chance to receive a Cal Grant for many community college students under the age of 28, staff provided data that indicates that the E2 program only serves, on average, about 25 percent of the potential transfer population a given year.

The Commission directed staff to:

1. Evaluate and provide information on the current E2 statutory requirements that disqualify students based on age limit and continuous enrollment between the California community college and the transferring bachelor degree granting institution (BDGI).
2. Evaluate the outreach programs for E2 available to community college students and identify more options to promote the E2 program and increase the reach of the program.
3. Work with the California Community College Chancellor's Office (CCCCO) to use Board of Governors Fee Waiver (BOG) data to identify transfer students who do not file the FAFSA or Dream Act application.

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Statutory limitations to expanding the E2 program

Statutory requirements restrict certain community college transfer students from accessing the award:

- a) The age limit of 27 eliminates older transfer students, who then must compete in the limited Competitive Cal Grant program.
- b) The requirement that a student had to attend a California community college in the academic year immediately preceding the academic year for which the Transfer Entitlement Cal Grant would be used at the transferring baccalaureate degree granting institution (BDGI) obstructs eligibility, especially with recent enrollment caps at public universities where many students are not admitted and lose their opportunity for a Cal Grant award offer.

The age limit of 27 eliminates nearly 29,000, or one-third of the 90,000 transfer students referred to above, from even receiving E2 award consideration. Based on the current statutory requirements, the E2 program will continue to serve only about 25 percent of the CCC transferring population.

Chart 1 below provides the number of applications, certification forms and paid E2 recipients since the 2008-09 award year.

**Chart 1
E2 Application & Award Statistics**

Award Year	Enrollment File Used	G6 Sent	G6 Returned	% Returned	Returned & Eligible (Award Offers Made)	% Eligible (of Returned)	Total Paid	% Paid
2008-09	No	21,439	13,778	64.3%	7,632	55.4%	6,491	85.0%
2009-10	No	15,331	9,350	61.0%	7,671	82.0%	6,598	86.0%
2010-11	Yes	23,075	13,635	59.1%	10,760	78.9%	9,444	87.8%
2011-12	Yes	28,115	17,664	62.8%	12,845	72.7%	11,173	87.0%
2012-13	No	51,239	27,097	52.9%	14,480	53.4%	12,629	87.2%
2013-14	No	50,416	28,301	56.1%	20,717 (2,280) ²	73.2%	18,542	89.8%
2014-15¹	Yes	33,232	18,441	55.4%	15,072	81.7%	N/A	N/A
2014-15	Yes	33,584	20,823	62.0%	16,622	79.8%	9,121	54.9%

¹ Numbers presented at the September Commission meeting.

² Gap year additional awards

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- The updated 2014-15 numbers have been added to Chart 1 to show the increase in G6 returns and award offers made since the September Commission meeting. Staff expects the award offers to continue to climb as winter and spring Term transfers start to respond to the G6 certification. Communications will continue to be sent to follow-up with those students who have not responded prior to withdrawing them from the program.
- The 20,717 awards offered in the 2013-14 year include the 2,280 additional awards made from the one-year gap offered through SB 1016. (See discussion under “No Gap Year” for more complete description of the one-year gap.) The gap-year exception was in effect only for the 2013-14 academic year. Without the 2,280 gap-year awards, the E2 award count would have been 18,542. When the 2013-14 year end withdrawals occur in December 2014, the 20,717 count will further decrease for E2 students without any payment activity signifying their inability to transfer to a BDGI or other reasons that they were unable to transfer. Based on feedback through our student phone center, part of the gap-year issue exists due to enrollment caps and capacity issues imposed at the BDGIs.
- As reflected in the Chart 1, E2 paid rates historically are higher due to the application and certification process that students must respond to in order to qualify for the program. The current 54.9 percent paid rate for the 2014-15 year will increase over the next month and should fall in the 85 percent to 90 percent range by the spring semester.
- The capability to use fall, winter and spring enrollment files for the 2014-15 award cycle, has allowed the staff to identify potential E2 students more accurately and avoids sending communications and self-certifications to non-transfer students. Although fewer certification forms are generated, the overall award count for the years in which enrollment files were used did not decrease.
- The historical data presented in Chart 1 remains inconclusive regarding the potential effects of enrollment files in the E2 process. This is due to the infusion of other factors such as growth of the program, inconsistent usage of enrollment files, the gap year in 2013-14 and incomplete results from the 2014-15 year. Even with all these elements, the award offer counts have not drastically fluctuated in the past three years. Staff recommends the continued practice of enrollment files for the 2015-16 year to establish baseline data.

Age Limit of 27

The 27-year age-cap requirement restricts a substantial portion of the Cal Grant applicants. In reviewing the 2014-15 applicant data, staff determined that approximately 44,000 applicants between the ages of 28 and 35 that met initial E2 eligibility criteria were eliminated from consideration due to the age constraint.

Chart 2 shows the age breakdown of the 2014-15 ineligible E2 applicants.

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**Chart 2
Ineligible E2 Applicants Over 27 Years of Age**

Age	Count	Potential Awards (70% offer rate)
28	9,222	6,455
29	8,043	5,630
30	6,364	4,454
31	5,408	3,785
32	4,626	3,238
33	4,056	2,839
34	3,493	2,445
35	3,024	2,116
TOTAL	44,236	30,965

An additional 33,000 students were identified in the over 35 age category. Although these students may still get disqualified for other reasons, some of them may have qualified for an E2 award without the age constraint.

No Gap Year

In 2012, SB 1016 added clarifying language to the Transfer Entitlement statute establishing a new requirement that a student had to attend a California community college in the academic year immediately preceding the academic year for which the Transfer Entitlement Cal Grant would be used. SB 1016, however, provided a limited exception allowing otherwise eligible students who attended a California community college in the 2011-12 academic year, to receive and use Transfer Entitlement awards for the 2012-13 and 2013-14 academic years. This one-year gap provision in SB 1016 for the 2013-14 resulted in 2,280 E2 award offers attributable to the limited exception. Preliminary research indicates that if the gap-year exception was in place for 2014-15 year, approximately 3,000 more E2 awards could have been made. Expanding the simulation to a two-year gap would further increase the award count by another 4,000.

The results from the 2013-14 year and the 2014-15 simulation reflect current personal and academic obstacles for transferring students. Not all community college students that receive their Associate of Arts degree can or will transfer immediately to a BDGI. Some may not be offered admission in the next academic year due to enrollment caps, while others may choose to work in order to save money for when they do transfer to the more expensive BDGI. Many low-income community college students who complete courses and can transfer to a four year institution may lose the opportunity for tuition and fee funding that the Cal Grant can offer if they cannot attend immediately following their attendance at the community college.

California Student Aid Commission

Workgroup Committee and Outreach Plan

During the September Commission Meeting, staff was directed to review the outreach programs available to community college transfer students and work with the CCCCO and campuses to promote the E2 program. The staff established an E2 workgroup consisting of Commission staff and 12 external participants including all school segments and other interested groups. The first workgroup committee meeting was held via webinar on Friday, October, 10, 2014.

The E2 workgroup objectives were to:

1. Increase outreach efforts to reach all qualified students
2. Evaluate current program eligibility requirements
3. Better identify and award eligible community college transfer students
4. Review the student Transfer Entitlement Certification process (G6)
5. Ensure eligible awarded students receive payment

Issues Identified by Workgroup:

A. Student Awareness

The workgroup concluded that the Cal Grant Transfer Entitlement program could be characterized as an invisible program. Many community college students are not unaware of the program and may not file a FAFSA or California Dream Act Application (CADA) if they perceive they are not financially able to transfer.

Workgroup proposals to make students more aware:

- Staff will update and enhance the www.csac.ca.gov website with a dedicated section for community college transfer students. A button can be added to the homepage for students to click that directs them to a page providing E2 program information. This can be accomplished using existing staff resources.
- Staff created a flyer that is intended for distribution at the community college campuses. The idea is to have the form available electronically on the school's transfer page website and student/parent portal page. The flyer hyperlinks students to the necessary applications (FAFSA, CADA and GPA form). This flyer will clearly define the Cal Grant Transfer Entitlement Award and its requirements. This has been accomplished using existing staff resources.
- Staff will post the flyer on the CSAC website so that students and parents can easily access. Staff plans to create a logo which can be placed on a school Transfer Information page which will link to this flyer. This can be accomplished using existing staff resources.
- Printed flyers will be available for schools to keep in their Transfer Centers and have available for Transfer Fairs. The response to this flyer was positive from all workgroup participants. The Commission is unable to absorb the printing and mailing costs associated with this proposal and will need additional resources, or individual campuses will have to download and print their own flyers. In the latter case, quality and availability will vary depending on the campus resources.

California Student Aid Commission

- Staff is collaborating with the CCCCO to identify additional materials and information that can be provided to the campuses with E2 program information. There may be additional printing and mailing costs associated with this proposal.

B. Communication

The workgroup agreed that one preliminary email award offer notification is not sufficient. Students do not open their email notification that informs them of their preliminary E2 award offer and requests they complete the Transfer Entitlement Certification form.

Workgroup proposals to improve communications to students:

- Follow-up with students who have not completed the G-6 certification every two weeks until the student completes the requirement. The follow-up should be in the form of an email to both the student's school email account as well as to the email address provided in the FAFSA or CADA. This will result in additional workload for Commission program staff and may require reprioritization of other responsibilities.
- Student awareness outreach is necessary to inform community college students of the benefit they can receive by making the effort to complete the FAFSA and CADA. This will result in additional workload for Commission program staff and may require reprioritization of other responsibilities.

C. Transfer Student Identification

Not all students complete the FAFSA or CADA. The Commission currently does not have access to school-identified planned transfer student data. Campus representatives on the workgroup committee shared that there is a lack of completion of a FAFSA or CADA by CCC students because many students can receive the BOG fee waiver by just completing the BOG application.

Workgroup proposals to better identify transfer students:

- Forming a relationship between the California community college and the university transfer offices is important. If schools have an identified population of transfer students, early contacts with the students can be made giving them program information and encouraging them to submit the FAFSA or CADA and community college GPA by the March 2 deadline. This proposal is dependent on a yet undefined partnership between CCC, universities, and the Commission.
- Work with the CCCCO to use BOG data for community college transfer students who do not file the FAFSA or CADA to inform them of their E2 options before the March 2 deadline.

The workgroup, along with the assistance of all segmental representatives and other interested parties, will continue to meet to review the objectives and identify ways to increase the outreach for the E2 program. The proposals to improve the outreach and provide campuses and students with program information will be made available immediately for the upcoming 2015-16 Cal Grant application year.

California Student Aid Commission

High School Entitlement Program

Through the implementation of the High School Entitlement (E1) program, also in SB 1644, the California State Legislature made an historic decision with California's statewide financial aid program to further assist low- and middle-income students pay for college. With this commitment, California initiated the Cal Grant "promise or guarantee" to all graduating high school seniors in order to make education beyond high school financially accessible.

E1 Application Process

To apply for an E1 award, high school seniors or recent high school graduates (within one year after graduation) are required to:

- Submit a financial aid application via a FAFSA or CADA by the March 2nd deadline.
- Have a certified Grade Point Average (GPA) submitted by their respective high school by the March 2nd deadline.

If applicants meet the eligibility requirements, they are notified of their Cal Grant award offers through a California Aid Report. The initial E1 award offers start going out to high school seniors in early February to guide the new incoming freshmen in making decisions on their choice of college beginning in the Fall Term.

Prior to receiving a Cal Grant disbursement, E1 students must confirm they have completed all high school graduation requirements including passing the California High School Exit Examination (CAHSEE). Students have approximately seven months (May through December) to fulfill this certification in WebGrants for Students (WGS) before their Cal Grant award offer is withdrawn. High school counselor and college administrators can also satisfy this requirement in WebGrants on behalf of the student. Numerous reminder notifications including a final 30 day withdrawal letter for students that have not completed their certification are sent out to the student.

Last year, staff partnered with the California Department of Education (CDE) to identify public high school graduation through a data exchange for those students who did not self-certify. This process resulted in more students qualifying for their Cal Grant award. Staff plans to continue these data matches with the CDE in the current academic year.

Paying E1 Students

E1 students who are offered a Cal Grant award are reported on the Cal Grant Roster. The student is listed on the first eligible campus listed on their FAFSA or CADA. Students are informed to make school changes on WGS once they know what campus they will attend. The school change will move the student to the correct Cal Grant roster where the campus can pay the student if he/she meets the program requirements.

Similar to the Competitive Program, there may be many reasons for students not being paid their Cal Grant offer, including not fully meeting the program requirements or ever showing up on a campus. As shown in Chart 3, the paid rate for the E1 students has been consistent over the last four years at 60 percent. Campuses must confirm a student's Cal Grant eligibility prior to disbursement or identify a reason for non-disbursement. It is difficult to identify the reasons for students not being paid without having campus enrollment information to confirm whether or not the student enrolled in college. Enrollment files from the campus or Pell file information could identify

California Student Aid Commission

whether or not students are attending an eligible campus. Students enrolled in another eligible campus can have the Cal Grant transferred to correct campus where the student can be paid.

The Chart 3 provides a four-year breakdown of offered award counts and paid percentages by segment.

**Chart 3
High School Entitlement Award and Paid Information by Segment**

		High School Entitlement			
		2010-11	2011-12	2012-13	2013-14 to-date
California Community Colleges	Offered Awardees	36,008	44,038	46,169	52,623
	Paid Recipients	17,380	21,084	21,294	27,537
	Percent Paid	48.3%	47.9%	46.1%	52.3%
University of California	Offered Awardees	18,103	19,955	21,375	23,078
	Paid Recipients	14,041	15,511	16,370	17,431
	Percent Paid	77.6%	77.7%	76.6%	75.5%
California State University	Offered Awardees	27,055	33,430	36,911	42,383
	Paid Recipients	17,727	21,179	23,318	28,067
	Percent Paid	65.5%	63.4%	63.2%	66.2%
Independent Institutions	Offered Awardees	9,132	9,874	10,620	10,887
	Paid Recipients	6,170	6,068	6,406	6,375
	Percent Paid	67.6%	61.5%	60.3%	58.6%
Private Career Colleges	Offered Awardees	5,437	5,573	4,472	2,461
	Paid Recipients	3,472	2,835	1,383	1,342
	Percent Paid	63.9%	50.9%	30.9%	54.5%
Total	Offered Awardees	95,735	112,870	119,547	131,432
	Paid Recipients	58,790	66,677	68,771	80,752
	Percent Paid	61.4%	59.1%	57.5%	61.4%

Data on 2013-14 paid recipients through September 2014.

Factors Affecting the Growth of E1 Numbers

- The non-SSN pilot project was launched with the Los Angeles Unified School District in the 2011-12 award year.
- SB 70 implemented in the 2011-12 year required institutions to meet minimum cohort default rates. The 2012-13 added the graduation rate criteria for institutions. As a result, the Cal Grant offered counts decline for the private career colleges around this time.
- Through the passage of AB 131, California Dream Act applicants are eligible for the Cal Grant starting in the 2013-14 award year.

California Student Aid Commission

Recommended Action: To better identify the status of students offered an Entitlement Cal Grant award, staff recommends:

1. Use campus enrollment files or Pell files to identify whether the student is enrolled and which college or campus he or she is attending to list them on the correct Cal Grant Roster.
2. Use BOG fee waiver data to identify students who do not complete the FAFSA or California Dream Act Application to target them with information about the Cal Grant Programs.
3. Support additional administrative funding to increase staff to: 1) better promote the Cal Grant Entitlement programs; 2) research data and information to identify issues and solutions; and, 3) increase the monitoring of Cal Grant payments to ensure eligible Cal Grant offered awardees are paid.

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