

Exhibit 2

Information/Action Item

Report on Transfer Entitlement Cal Grant Program

Background

Under California Education Code Section 69436, students transferring from a California Community College to a qualifying baccalaureate-degree granting institution, who were not previously awarded a Cal Grant A or B at the time of high school graduation, may receive consideration for a California Community College Cal Grant Transfer Entitlement Cal Grant A or B award.

Senate Bill 1644 (Chapter 403, Statutes of 2000) guaranteed a California Community College (CCC) Cal Grant Transfer Entitlement (E2) award to every student who:

- graduated from a California high school or its equivalent after June 30, 2000,
- was a California resident at the time of high school graduation,
- is under the age of 24 at the time of the transfer [beginning with award year 2007-08, the age limit was increased to 27, as the result of AB 2813 (Chapter 822, Statutes of 2006],
- transfers to a qualifying baccalaureate-degree granting institution (BDGI) from a California Community college (CCC) during the award year,
- has financial need, and
- is academically eligible with a CCC GPA of 2.4 or higher.

Legislative Program Changes

Assembly Bill 840 (AB 840) (Chapter 43, Statutes of 2006):

Beginning with the 2006-07 award year, AB 840 required each student who received a preliminary award offer to affirm, in writing, under penalty of perjury, that he or she meets the eligibility requirements for the program and that 10 percent of the offered awardees be randomly selected for campus-level eligibility verification prior to disbursing payments. AB 840 also provided that students graduating from high schools out of California solely due to military orders were exempt from the requirement to graduate from a California high school.

Assembly Bill 2813 (AB 2813) (Chapter 822, Statutes of 2006):

Beginning with the 2007-08 award year AB 2813 increased the maximum age to qualify for a Cal Grant Transfer Entitlement award from 23 to 27 years of age.

Senate Bill 1016 (SB1016) (Chapter 38, Statutes of 2012):

Responding to a recent policy change by the Commission to allow gaps in the years between attendance at a community college and transfer to a BDGI, SB 1016 required that students attend

California Student Aid Commission

the CCC in the academic year immediately prior to being offered a Transfer Entitlement Cal Grant. A grandfathering provision allowed a one-year gap just for students who attended CCC in 2011-12. However, SB 1016 applied only for the 2013-14 academic year and the gap year was not approved for the 2014-15 year. The one-year gap provision from the 2013-14 year allowed an additional 2,280 students to receive an E2 award offer.

California Community College Transfer Students

According to the student transfer data reported by the University of California (UC) and California State University (CSU) and Community College League of California, there were an estimated 89,000 students who transferred from a CCC to a BDGI in the 2013-14 academic year. Chart 1 provides the estimated breakdown of the transfer students by segment.

Chart 1
CCC Transfer Students by Segment

Segment Transferred To	2013-14 Academic Year
University of California	19,000
California State University	53,000
Private California Colleges and Universities	17,000*
Total Transfer Students	89,000

**Estimate based on an average number of transfer students reported in the 2011-12 and 2012-13 year*

E2 Outreach and Awareness

As with all Cal Grants, Transfer Entitlement awards require a financial aid application in the form of the FAFSA or Dream Act Application and a school certified Grade Point Average (GPA). The Transfer Entitlement requires a community college GPA and routinely, for many years, our community colleges have sent GPAs to the Commission for their entire student population. This makes the major thrust of our outreach efforts the submission of the FAFSA or Dream Act Application since the student is assured that their GPA will be sent.

All Cal Grant publications, notifications, and application outreach events stress the March 2 deadline for filing the FAFSA or Dream Act Application and the Cal Grant Grade Point Average (GPA). Each year, Commission staff and CCC financial aid administrators work together to coordinate the upload of GPAs electronically for all transferees. In 2014-15, all 112 community colleges together submitted approximately 3.6 million March 2 GPAs for all Cal Grant Programs.

A transfer-specific outreach program, the *Transfer: Making It Happen* program, was enacted in 2001 to encourage high school and community college students to pursue baccalaureate degrees. The law identifies the Commission, through its Cal-SOAP projects, as the coordinating partner in collaboration between California Community Colleges, California State University, University of California and private California colleges and universities.

California Student Aid Commission

Meeting E2 Program Eligibility Requirements

Every year, the Grant Delivery System (GDS) must identify the transfer students who might be eligible for the E2 award. Unfortunately, the FAFSA or Dream Act Application does not gather all the necessary information. Therefore, supplemental information must be collected through an online process or paper form sent to the applicant to determine the remaining eligibility requirements. To meet the initial eligibility review, the applicant must:

- List a BDGI on the FAFSA or Dream Application,
- Have a GPA reported from a CCC, and
- Not be over 27 years of age.

Chart 2 deconstructs the 89,000 CCC transfer students and their eligibility for the E2 award offer. Approximately 61 percent were disqualified for not meeting the program eligibility criteria as defined by statute. The remaining 39 percent represent the potentially E2 eligible applicants, with 14,178 failing application requirements and 20,822 being offered awards.

**Chart 2
Comparison of Estimated Transfer Population to Award Offers**

Estimated Transfers in 2013-14	89,000	Percentage of 89,000
Disqualification Reasons		
<i>Over the age limit of 27</i>	<i>(29,000)</i>	33%
<i>Financially ineligible (income/assets)</i>	<i>(20,000)</i>	22%
<i>Program ineligible (not a CA resident, not a CA HS graduate)</i>	<i>(5,000)</i>	6%
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Remaining potential E2	35,000	
<i>Offered E2 Awardees in 2013-14</i>	<i>(20,822)</i>	23%
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Remaining Transfer Students, but ineligible for E2 <i>(Incomplete or No Application (FAFSA, GPA), Ineligible School, Non BDGI School, gap between CCC enrollment and BDGI attendance)</i>	14,178	16%

If an applicant meets the general award requirements listed above and is deemed potentially eligible for a preliminary E2 award offer, the student is electronically sent a Transfer Entitlement Cal Grant Certification Form (G-6). This self-certification form requires the applicant to confirm their eligibility based on the remaining program requirements. The applicant must verify the following information on the G-6 before an award offer can be made:

- California residency at time of high school graduation,
- Community college enrollment in the year prior to the award year, and
- Intend to attend a BDGI for the award year offered.

Once an applicant receives a G-6 form, they are placed on the campus roster with a flag indicating a hold on the award offer until the G-6 is completed. Campuses cannot process a payment until the certification form is processed and the student is determined eligible for the award offer.

California Student Aid Commission

Completion Rates for Certification Form (G-6)

Prior to the 2012-13 award year, CCC enrollment files were used to filter out students not attending a community college to reduce the number of G-6 notifications sent to ineligible applicants. During the 2012-13 and 2013-14 award years, enrollment files were not used which resulted in an increase of G-6 notifications and a lower completion rate. The return rates below may indicate that students met the initial system filters but are not qualifying transfers. The self-certification process filters out the non-transfers and those who transferred prior to the award year.

Chart 3 below provides the number of certification forms sent, completed and the award offers for the last seven E2 award cycles.

**Chart 3
Certification Forms Sent, Completed and Awarded**

Award Year	Certification Forms Sent	Certification Forms Completed	Percent Completed	Awards Offered	Percent Awarded
2008-09	21,439	13,778	64%	6,852	50%
2009-10	15,331	9,350	61%	7,110	76%
2010-11	23,075	13,635	59%	10,760	79%
2011-12	28,115	17,664	63%	12,846	73%
2012-13	51,239	27,097	53%	14,508	54%
2013-14	50,412	28,295	56%	20,822	74%
2014-15*	33,232	18,441	55%	15,072	82%

**As of September 4, 2014*

Not using the CCC enrollment files to better match eligible E2 applicants caused the number of preliminary award offers to inflate. This increase in preliminary award offers processed significantly increased the number of calls and emails from students who did not meet the program requirements. Many of these applicants were already enrolled at a four year institution and had not attended a community college in years. Using the enrollment files in the 2014-15 award year streamlined the award process to better identify potential E2 award offers.

E2 applicants have until the end of the calendar year to complete the certification form to be considered for the award. Applicants who do not respond by the end of the year are withdrawn in order to reapply for the next March 2 Cal Grant award cycle and be considered for an award.

Eligible Transfer Entitlement Applicants

Chart 3 also reveals the number of students that successfully submitted the G-6 in a given year and the corresponding amount of awards. For example, the 2013-14 year shows that 28,295 completed the G-6 resulting in 20,822 E2 award offers. For students determined to be eligible for the Transfer Entitlement Cal Grant after completing the G-6 certification, the award offer is made official and the

California Student Aid Commission

Cal Grant roster holds are removed. These students are eligible to receive Cal Grant payments provided they meet other eligibility requirements, such as enrollment status and satisfactory academic progress verified by the institution.

Disqualified Transfer Entitlement Applicants

All E2 applicants who complete the G-6 form and are determined ineligible based on their responses are considered for a Competitive award offer. Chart 4 identifies some of the reasons students are denied an E2 award offer.

Chart 4

Common Reasons for E2 Disqualification
Not transferring to a BDGI
Not a CA high school graduate
Not a CA resident at time of HS graduation
Graduated high school before July 1, 2000

The primary reason students are disqualified from the E2 program based on the responses from the G-6 is due to “not attending a BDGI.” The response does not breakdown the reasons for not transferring, however, based on student calls received many indicate they were already attending a BDGI and missed the prior academic year deadline to qualify for the E2 award. Those students who have completed all courses required to transfer and are not admitted to a BDGI are not eligible for the E2 unless they continue to take courses at the CCC and transfer the next academic year.

At the November 18, 2011 Commission meeting, the Commission adopted a new policy for awarding Transfer Entitlement Cal Grant awards, to allow otherwise eligible students to qualify for these awards without having attended a community college within the academic year before the award year. However, the Governor’s release of the 2012-13 Proposed Budget elevated the issue to the legislative arena and expanded it into a budget issue resulting in the Commission suspending its determination on when to implement its new policy. SB 1016 established the one-year gap for only the 2013-14 award cycle, offering an additional 2,280 award offers.

Distribution of Transfer Entitlement Cal Grant Awards

The segmental distribution of these awards has been consistent over the years with 64 percent awarded to students at the California State University, 24 percent awarded to students at the University of California, 11 percent awarded to students attending the private nonprofit colleges and universities, and one percent awarded to students attending the private for-profit institutions.

Transfer Entitlement Cal Grant Utilization Rate

Increases in the Transfer Entitlement Cal Grant paid rates have occurred in the last two award cycles. As reflected in Chart 5, the paid rate for eligible Transfer Entitlement Cal Grant awards has remained between 87 and 89 percent over the last four years. Of the 2,279 unpaid students, 50 percent did not have any reason codes posted to identify their enrollment status. The remaining

California Student Aid Commission

unpaid students did not meet program requirements such as, not being enrolled, not meeting satisfactory academic progress, and attending less than half-time.

Since the California Education Code (69436 (b)(10)) stipulates that students must transfer to a BDGI the year after leaving the California Community College, E2 students must receive a payment in their first year of the award offer to confirm their transfer status. Students that fail to receive a payment cannot defer their award through a leave of absence to meet the statutory requirements.

Similar to the work that was done with the reviewing the Competitive Cal Grant rosters, Commission staff will monitor E2 payments closely to ensure all eligible Cal Grant award offers are paid. In addition, regular communications will be sent to these students to remind them of their award offer and to take action to get their payment processed so that it is not withdrawn.

**Chart 5
Transfer Entitlement Cal Grant Payments**

Academic Year	Award Offers	Paid	Percentage Paid
2010-11	10,760	9,462	88%
2011-12	12,846	11,178	87%
2012-13	14,508	12,629	87%
2013-14	20,822	18,594	89%

Chart 6 shows the breakdown of payments by segment.

**Chart 6
Payments by Segment**

Segment	2010-11 Academic Year	2011-12 Academic Year	2012-13 Academic Year	2013-14 Academic Year
UC	2,961	2,980	3,096	4,406
CSU	5,044	6,772	8,047	11,903
Private	1,242	1,247	1,403	2,037
Private For-Profit	215	179	79	248
Total	9,462	11,178	12,629	18,594

Based on the statutory requirements, the Transfer Entitlement Cal Grant program offers awards to about 23 percent of all CCC transfer students attending an eligible California BDGI. These students have the reassurance that their Cal Grant award assist in reducing the costs at their respective university, thereby allaying some financial stress for college costs as they transition from a community college. Commission staff receives calls and emails from many E2 offered awardees who complete their community college coursework and are unable to transfer to a UC or CSU the next academic year. Unfortunately, a many CCC transfer students who do not qualify for the E2 award face many challenges to transfer and complete their degree objective.

California Student Aid Commission

The number of CCC transfer students who do not meet the E2 requirements are disqualified based on:

1. The age limit of 27 eliminates nearly 29,000 or 1/3 of the transfer students from the E2 award consideration. Older transfer students are not eligible due to the age requirements in law and must compete in the limited competitive Cal Grant program.
2. Statutory requirements such as continuous enrollment between the California community college and the transferring BDGI prohibit students especially with recent enrollment caps at public universities.
3. Program inflexibility by not allowing E2 students to defer their award for one year to offset personal, academic and enrollment circumstances.

Based on the current statutory requirements, the E2 program will continue to serve only about 25 percent of the CCC transferring population in a given year.

Commission staff will be available at the Committee and Commission meetings to respond to questions.

Responsible Person(s): Catalina Mistler, Chief
Program Administration and Services Division

Tae Kang, Senior Manager
Institution and Program Support Branch