

# Exhibit 3

## Information/Action Item

### Consideration of scoring criteria for awarding Competitive Cal Grants

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As reported at the Commission’s September Meeting, several actions recommended by the Competitive Cal Grant Program workgroups and committees were implemented to increase the number of paid Competitive Cal Grant award offers. In the continuing effort to increase the Cal Grant Competitive paid rate, this exhibit also includes updates on the Commission staffs recent efforts to increase participation in the Competitive Cal Grant program by gathering stakeholder’s recommendations through a series of on-going meetings.

The current 2013-14 paid rate is reflected in Chart 1 that includes deferred awards being paid in the 2014-15 academic year.

**Chart 1**

Year Cal Grant Awarded	Recipients			Percent of 22,500	Award Offers Deferred Payment to Future*			Total Award Offers	Percent of 22,500
	Paid	CC Reserve	Total		Leave of Absence	Other	Total		
<b>2013-14</b>	<b>19,378</b>	<b>855</b>	<b>20,233</b>	<b>89.92%</b>	<b>3,031</b>	<b>3,084</b>	<b>6115</b>	<b>26,292</b>	<b>116.9%</b>
<b>2012-13</b>	<b>15,576</b>	<b>592</b>	<b>16,168</b>	<b>71.9%</b>	<b>187</b>	<b>57</b>	<b>244</b>	<b>16,412</b>	<b>72.9%</b>

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

*\*56 deferred awards have been paid in 2014-15*

### **Increasing the Paid Rate**

As previously reported, staff continues diligently to ensure that all 22,500 authorized awards are paid out during each academic year. These efforts have included, but are not limited to, contacting individual schools to offer assistance, visiting individual campuses, contacting individual students to assist them in obtaining payments, hosting webinars specific to the Competitive Cal Grant program, and increased communications to students and campuses. These efforts require that all three parties (students, campuses, and the staff) work in unison to ensure that eligible students are being paid in as timely a fashion as possible. It is just as important to identify students who are not eligible for the award offer in order to offer awards to other eligible students in the next cohort.

As identified in Chart 1, there are 6,116 Cal Grant awards offered in the 2013-14 academic year who remain unpaid or without any transaction code posted for the 2014-15 fall term. To achieve a maximum paid rate of 100 percent (22,500) for the 2013-14 academic year, actual payment of funds can be delivered to only 2,267 or 37 percent of the 6,115 remaining unpaid Competitive offered awardees. The remainder of the award offers will be withdrawn to ensure that the 22,500 statutory maximum number of paid recipients is not exceeded.

# Strategic Policy and Planning Committee

## Cal Grant Competitive Communications Workgroup

The role of the Cal Grant Competitive Communications workgroup has been to review the messaging to students and setting a timeline to release the communications to students who have not yet been paid their Cal Grant award offer. At the September Commission meeting, staff recommended establishing a date to withdraw the 2014-15 Competitive award offers not utilized and identify the next group of eligible students to award. The Workgroup met on October 2 and October 14, 2014 to set the deadline for students to respond and the date to withdraw the awards. Based on the number of awards to be withdrawn, the next cohort(s) of eligible students would be offered a Cal Grant.

The workgroup recommends that unpaid awards be withdrawn on December 10, 2014 and, shortly thereafter, award the next cohort(s) of students. The proposed date was agreed to with consideration given to allowing both students and campuses to have adequate time to report payments or adjustment codes to the Commission. Prior to withdrawing awards, a series of communications is sent to potentially impacted students and campuses. Students were sent an initial email notification mid-October, with a follow-up pending withdrawal notification in November and the final award withdrawal notification in December.

Additionally, the workgroup recommended partnering with schools to more effectively communicate with students. To ensure that all students receiving Cal Grants are notified of their award and award updates, schools requested placing a link to WebGrants for Students (WGS) on their school's financial aid home portal.

## Cal Grant Competitive Scoring Matrix Workgroup

Earlier this year, the Commission approved modifying the scoring matrix to increase the total points from 200 to 1,000 and increase the number of GPA gradations. The benefit of these changes decreased the size of each scored applicant cohort. With smaller cohorts, additional awards, if needed, can now be offered to reduce the likelihood of exceeding the number of authorized paid awards. The prior scoring produced cohorts in the 1,500 to 2,000 range. Today, these same cohorts contain 300-500 applicants.

The Cal Grant Competitive Scoring Matrix Workgroup met on October 3, 2014 and identified several potential additional options to maximize Competitive awards, which include decreasing the GPA scoring increments, and redefining the scoring criteria by:

- Using Expected Family Contribution (EFC) as a category
- Eliminating the "Parent Education Level" category
- Enhancing the Student/Parent Household category to a sliding scale as opposed to today's all or nothing format
- Increasing the number of fields in the Income/Family Size category
- Redistributing point value and/or weighting of the scoring categories
- Adding additional disadvantaged criteria(s)

At the September Commission meeting, the Institute for College Access and Success (TICAS) recommended that the Commission consider revising the Cal Grant Scoring Matrix to offer grants to students who are more disadvantaged. It is important to note that changing the scoring matrix in this way will not, by itself, have an impact on the overall paid rate, but will change the priority of the profile of the students in the applicant pool who will ultimately be awarded.

## Strategic Policy and Planning Committee

The staff agrees that some additional measures of disadvantage that are not currently used in the scoring matrix should be considered to offer Cal Grant awards to the neediest students. Delivering Competitive Cal Grant funds to the most disadvantaged students will assist these students who need all of the financial aid resources they can receive to defray the cost of their postsecondary education. However, further analysis of the current profile of awarded students compared to the proposed profile of students is needed to determine the impact of the changes and to ensure the most disadvantaged students are given priority.

At its October meeting, the Workgroup examined Competitive selection component ideas proposed by TICAS. These ideas, and others proposed by the Workgroup, are currently being analyzed to see their effect on the demographic makeup of students who would be awarded using the criteria. The Workgroup discussed the current scoring criteria and how changes to each would impact the overall disadvantaged population they are trying to reach. They explored changes to the point distribution as follows:

- Potentially including EFC as a scoring category
- Weighting of the EFC, if used.
- The importance of maintaining or only slightly reducing the weight of the GPA

Some concerns expressed from workgroup members were:

- If the pool of applicants with zero EFCs exceeds the maximum 22,500 number of authorized awards, then, additional scoring factors must be used to identify the most disadvantaged of those with a zero EFC. The group discussed what information from the FAFSA can be used for this purpose. Staff is currently processing each of the three proposals and is gathering data to determine which components of the proposals will be used brought forward to the Commission for recommendation.
- Skip logic used on the FAFSA to determine student dependency does not allow some students to be asked some of the disadvantaged student indicator questions. The questions are skipped to simplify and shorten the FAFSA application. However, the answers to those questions would be useful to evaluate the student's disadvantaged status. In addition, students eligible for the Simplified Needs Test or Automatic Zero EFC calculations used for low income students are also not asked some of the questions that reflect disadvantaged factors.
- Changing GPA weighting may cause a shift in the segmental distribution of Cal Grant awardees.

Each proposed change in scoring will be analyzed to compare the effect on Cal Grant awardee demographics and each selection methodology will be evaluated as to its effect on the segmental distribution of awards.

The Competitive Cal Grant Scoring Matrix Workgroup will continue to meet to find those factors that best identify the most disadvantaged students. With limited awards, determining the most disadvantaged students is the highest selection priority. Then, the goal is to see that Cal Grant awards are offered to the most disadvantaged students and that the awards are distributed to students attending all segments.

## Strategic Policy and Planning Committee

**Recommended Action:** In an effort to pay 100 percent of the Competitive award offers, staff recommends that the Commission authorize staff to do the following:

1. Withdraw awards for unpaid students only (those that do not have any code posted for fall) on December 10, 2014.
2. Offer additional awards to the next cohort(s) of eligible students.
3. Continue to review and analyze the disadvantaged data to provide comprehensive recommendations concerning changing the Competitive scoring matrix and review options of giving the withdrawn students a priority status if they the following academic year.
4. Continue to identify options for collecting enrollment files or other data exchanges with campuses that could increase the paid rate for the Competitive award offers.
5. Report back at the February Commission meeting any recommendations to changing the Competitive scoring matrix.

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