

Item 15

Information Item

Update on Competitive Cal Grant Program

SUMMARY OF THE ISSUE(S):

The Commission continues to focus on reaching a 100 percent paid rate for the Competitive Cal Grant Program's 25,750 award offers, as authorized by law. This item provides an update on the efforts and progress being made towards meeting that goal.

In 2015, the Commission authorized staff to implement new policies and change processes to improve the paid rate for the offered awardees. The final results for the 2015-16 award year will be reported out to the Commission after the closing of the 2015-16 academic year, however, staff expects a near 100% take rate.

Staff is also monitoring a new scoring matrix on a trial basis to determine whether it results in awarding grants to the most disadvantaged applicants.

RECOMMENDATION:

Staff will continue their efforts to ensure that all the Competitive Cal Grant program awards are fully utilized and paid out to eligible offered awardees no further Commission action is recommended at this time.

BRIEF HISTORY OF KEY ISSUE(S):

Unlike the Cal Grant Entitlement programs, the number of awards in the Competitive Cal Grant program limited by law. Prior to the 2015-16 award year, 22,500 competitive grants were authorized in law. Beginning in 2015-16, the number of awards increased to 27,750. With an average of nearly 350,000 financially eligible applicants competing for the limited number of awards, only about 10% of the pool actually received an award offer.

Since all 350,000 applicants met the Cal Grant program requirements, students are selected for a competitive award using a scoring matrix. The scoring matrix is comprised of elements such as family income, number of years out of high school and single parent households. The other 90% of qualifying applicants that did not receive an offer due to the limited number of awards, rely on other financial aid resources to pursue their college degrees.

Competitive applicants are students who do not meet the program requirements for the High School or Transfer Entitlement Cal Grant programs. These applicants are not typically recent high school graduates or college students transferring from the Community College to a four year institution.

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The average age of Competitive applicants is 31 with average family annual income is approximately \$14,000. Additionally, the majority of new Competitive awards are offered to students who attend a California Community College. Based on this information, the average Competitive offered awardee is an older, non-traditional community college student from a low income household.

For several years, the primary issue that troubled the Competitive Cal Grant Program was that historical paid rates prior to the 2014-15 award year ranged between 60-70%; only about two-thirds of the offered awardees were paid their Cal Grant funds.

To increase the paid rate, Commission staff:

- Sent out email communications regularly to remind unpaid offered awardees of their Cal Grant and what steps to take to get paid;
- Contacted institutions with low paid rates and partnered with them to update rosters and pay eligible students;
- Withdrew unclaimed awards to recycle and offer additional awards to the next cohort of eligible applicants.

Table 1
Final 2014-15 Competitive Award Paid Rates
Data as of 04/23/2016

Year Cal Grant Awarded	Recipients			Percent of 22,500	Award Offers Deferred Payment to Future*		
	Paid	CC Reserve	Total		Leave of Absence	Other	Total
2014-15	20,884	554	21,438	95.3%	1,836	3,337	5,173

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

However, these staff efforts were not enough to maximize the take rate, so in 2015, the Commission also directed the following actions to increase the number of paid recipients beginning in 2016-17:

- ✓ Allow only student-initiated deferrals of the Competitive Cal Grant award.
- ✓ Implement an appeal process to allow students to reinstate their Competitive Cal Grant award.
- ✓ Implement a process that would count deferred awards in the year in which the award was paid, rather than the year it was offered.

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ANALYSIS:

As mentioned above, one of the methods to increase paid rates is to withdraw unclaimed offered awards and then offer competitive awards to the next cohorts. An unclaimed award is defined as an award that has no reconciled payment, student-reported leave of absence, or other eligible payment transaction in the WebGrants System. Withdrawing unclaimed awards allows timely award recycling in an effort to utilize all 25,750 allocated awards each academic year.

For the current 2015-16 year, approximately 6,500 students were withdrawn on March 19, 2016. These withdrawn students were given a final communication to take action on their competitive Cal Grant before the withdrawal date. Several students responded to the communication and staff assisted them in reserving their awards or contacted the institution to assist them in receiving their payment if they were eligible for the award offer. Even after a student has been withdrawn, they have the opportunity to appeal and have the award reinstated.

On March 26, 2016, the Commission offered 6,725 new competitive awards to the next cohort of applicants. The new offered awardees were notified of their Cal Grant award offer and institutions received updated rosters with the new Competitive Cal Grant students. Table 2 below reflects the paid rate data prior to the withdrawal and recycle of awards, while Table 3 shows the current paid rates with the new awards.

Table 2
2015-16 Competitive Award Paid Rates before withdrawal/recycle
Data from 03/19/2016

Year Cal Grant Awarded	Recipients			Paid Percent of 25,750*	Award Offers Deferred		
	Paid	CC Reserve	Total		Leave of Absence	Other	Total
2015-16	20,945	1,551	22,496	81.3%	580	4,160	4,740

**Paid includes competitive students from prior years receiving their first payment in 2015-16.*

Table 3
2015-16 Competitive Award Paid Rates with new awards
Data as of 04/30/2016

Year Cal Grant Awarded	Recipients			Paid Percent of 25,750*	Award Offers Deferred		
	Paid	CC Reserve	Total		Leave of Absence	Other	Total
2015-16	23,926	1,722	25,648	92.9%	668	4,464	5,132

**Paid includes competitive students from prior years receiving their first payment in 2015-16.*

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Within a month of withdrawing/recycling awards, the 2015-16 paid rates increased dramatically by 11.6% with 2,981 competitive offered awardees receiving a Cal Grant disbursement. Even with a rather late withdraw/recycle process in the spring term, the impact of this action is significant.

As the Competitive Cal Grant Program paid rates draw closer to 100%, the Commission staff is monitoring the payments daily to ensure that no more than authorized 25,750 competitive recipients are paid. A Special Alert communication was released to the institutions to notify them of the status and to pay any enrolled competitive students before the maximum number of payments are met. The communication advised institutions that once the paid rate reached 100%, no further competitive offered awardees could receive payment during the 2015-16 year.

Competitive Scoring Matrix Update

Also, in 2015, the Commission directed staff to change the Competitive Cal Grant scoring matrix by adopting a proposal, modeled by The Institute for College Access and Success (TICAS), for the selection of the 2016-17 Competitive Cal Grant awards. The revised scoring matrix was directed at students living in poverty, recipients of means-tested benefits, single parents, and more homeless and foster youth students. Broad principles on the new scoring matrix include:

- Increased focus on financial disadvantage
- New measures of disadvantage
- Retaining but de-emphasizing GPA
- Altered scoring for parent education
- The reliance on EFC in addition to income

All segments and stakeholders supported the changes to the Competitive scoring matrix before it was presented to the Commission for action. The outcomes of the new Competitive scoring matrix will likely award more students with lower average incomes and homeless and foster youth.

The Commission agreed to implement the new scoring matrix on a trial basis and determine whether it resulted in awarding the most disadvantaged applicants.

The Commission expects to run the 2016-17 Competitive Award Cycle with the new scoring matrix during the weekend of May 27th. Staff will provide updates in future meetings as information becomes available specifically regarding the outcomes of the new scoring matrix in comparison to the old scoring matrix.

RESPONSIBLE PERSON(S):

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ATTACHMENT(S): None.