



INSTITUTION ELIGIBILITY FOR CAL GRANT PARTICIPATION

IN THE 2012-13 ACADEMIC YEAR

FREQUENTLY ASKED QUESTIONS

Beginning with the 2011-12 academic year, the California Student Aid Commission (Commission) is required to certify a student loan cohort default rate (CDR) for each institution of higher education that seeks to participate in the Cal Grant Program based on ~~the latest~~ federal data *published by the U.S. Department of Education*. The CDR is used to determine if an institution is eligible for the Cal Grant Program. For the 2011-12 academic year, institutions had to have a three-year CDR that was less than 24.6 percent to be eligible to participate in the Cal Grant Program. (*Authorizing legislation: Senate Bill 70*)

Effective July 1, 2012, the Governor and Legislature created a higher standard for student loan CDR (less than 15.5 percent) and added a standard for graduation rate (greater than 30 percent) to determine Cal Grant eligibility for institutions. In late July 2012, the Commission certified the newly-required graduation rates and, under the specific provisions of the new law, updated the lists of eligible and ineligible institutions for the 2012-13 academic year. (*Authorizing legislation: Senate Bill 1016*)

1. How did the new standards for student loan cohort default and graduation rates affect institutions?

Using the standards established by the Governor and the Legislature, the Commission determined that 289 institutions are eligible to participate in the Cal Grant Program during the 2012-13 academic year. The new standards eliminated a total of 154 schools, which consists of 76 institutions already ineligible from a previous year and an additional 78 schools that had participated during the prior academic year. The Cal Grant awards of approximately 14,500 eligible students who planned to attend those 154 schools will be impacted. These students can continue to receive their grants if they transfer to eligible institutions.

2. How does being an ineligible institution affect the institution and a student's ability to use a Cal Grant award at that institution?

An ineligible institution cannot receive Cal Grant funds for any student who is **new** to the institution in the 2012-13 academic year. This includes both new Cal Grant recipients and renewal Cal Grant recipients wishing to transfer to the ineligible institution.

Ineligible institutions can receive Cal Grant funds only for ~~students~~ *Cal Grant recipients who enrolled in the institution in the academic year prior to the institution becoming ineligible and who are continuing at the institution for the 2012-13 academic year*. However, the maximum Cal Grant award will be reduced by 20 percent. (See question 9.)

For the 2013-14 academic year and following, continuing students will no longer be able to use their Cal Grant awards at ineligible institutions.

3. What are the new standards for a qualifying institution for the Cal Grant Program?

For the 2012-13 academic year, Senate Bill 1016 lowered the existing disqualifying three-year cohort default rate (CDR) from 30 percent to 15.5 percent and added a new graduation rate standard that an institution must satisfy to participate in the Cal Grant Program. The new law says:

- For the 2012-13 academic year and each year following, an otherwise qualifying institution with a three-year CDR equal to, or greater than, 15.5 percent, as reported by the United States Department of Education (USED) and as certified by the California Student Aid Commission (Commission), is ineligible for new and renewal Cal Grant awards. (Please note: The CDR used in this standard for the 2012-13 academic year was certified for each institution by the Commission on October 1, 2011, in accordance with California Education Code (CEC) Section 69432.7(l)(3)(C).)
- Beginning with the 2012-13 academic year and each year following, an otherwise qualifying institution with a graduation rate of 30 percent or less for students taking 150 percent or less of the expected time to complete degree requirements, as reported by the USED and as certified by the Commission, is ineligible for new and renewal Cal Grant awards. (Please note: The graduation rate used in this standard for the 2012-13 academic year was certified for each institution by the Commission on July 30, 2012, in accordance with CEC Section 69432.7(l)(3)(G).)

The three-year CDR and graduation rate standards do not apply to qualifying institutions with 40 percent or less of undergraduate students borrowing federal student loans.

If a three-year CDR or graduation rate has not been reported by the USED, the institution will be provisionally eligible to participate in the Cal Grant program until a three-year CDR or graduation rate has been reported by the USED.

A limited exception was made for institutions with a three-year CDR less than 10 percent and a graduation rate greater than 20 percent (but less than 30 percent) to remain eligible for new and renewal Cal Grants through the 2016-17 academic year.

4. How does an institution find out if it is affected by these new standards?

California Education Code Section 69432.7(l)(3) indicates that the Commission shall certify by October 1 of each year an institution's latest three-year cohort default rate (CDR) and graduation rate as most recently reported by the United States Department of Education to determine eligibility for the Cal Grant Program in the following academic year.

Ineligible Cal Grant schools are sent communications informing them of their status. A letter is sent to the signer of the Institutional Participation Agreement (President, Chancellor, CEO) with a courtesy copy and email sent to the financial aid office.

Normally this communication is sent in the fall prior to the academic year for which the school will be ineligible (for example, in October 2011 for the 2012-13 academic year). Since the new standards for 2012-13 in Senate Bill 1016 became effective on July 1, 2012, the ineligible schools were notified about their status for the 2012-13 year on July 28, 2012.

The Commission has posted the lists of Eligible Cal Grant Schools and Ineligible Cal Grant Schools for the 2012-13 academic year on the Commission's website at www.csac.ca.gov (click on Cal Grant Eligible Schools from the homepage).

5. Can a school appeal its three-year cohort default rate or graduation rate?

Because three-year cohort default rates (CDR) and graduation rates are set by the United States Department of Education (USED), an institution may only appeal its three-year CDR or graduation rate to USED. If USED corrects or revises an institution's three-year CDR or graduation rate that originally failed to satisfy the requirements established by California Education Code Section 69432.7(l)(3)(C) or (G), as applicable, and the correction or revision results in the institution's three-year CDR or graduation rate satisfying the requirements, that institution shall immediately regain its eligibility for the academic year to which the corrected or revised three-year CDR or graduation rate would have applied.

6. When does an ineligible institution regain its eligibility?

The Commission will certify a student loan cohort default rate (CDR) and a graduation rate for each institution every year by October 1 for the following academic year. ~~California Education Code Section 69432.7(l)(3)(D)(i) indicates that an ineligible institution may regain its eligibility for the academic year following an academic year in which it satisfies the three-year CDR and graduation rate requirements.~~ *California Education Code 69432.7(l)(3)(D)(i), as amended by Senate Bill 1028, states that an ineligible institution shall regain its eligibility "for the academic year for which it satisfies the requirements."*

The chart below uses an example of an institution that fails the three-year CDR and/or graduation rate standards for the 2012-13 academic year, but meets the standards for the 2013-14 ~~and 2014-15~~ academic years. As indicated in the chart, students would ~~not~~ be able to use their Cal Grants at the institution ~~until the 2014-15~~ *in the 2013-14* academic year.

Academic Year	Meets New Requirements	Eligible for Cal Grant Program
2012-13	No	No
2013-14	Yes	No Yes

7. Will the Commission communicate to students about how the recent change in law affects their ability to use their Cal Grant at the ineligible institutions?

Yes. The Commission notified Cal Grant students who indicated they were planning on attending an ineligible institution in the 2012-13 academic year. Students can receive full Cal Grant benefits by transferring to an eligible institution. Students can access the list of eligible institutions on the Commission website.

8. What is the definition of "undergraduate students" in the section excepting institutions with 40 percent or less of undergraduate students borrowing federal student loans from the cohort default rate provisions?

The Commission is not defining "undergraduate students". The Commission will be using the undergraduate, borrower, three-year cohort default rates, and graduation rates published by the United States Department of Education (USED). USED uses the undergraduate numbers reported by institutions to the Integrated Postsecondary Education Data System (IPEDS) and borrower data from the National Student Loan Data System (NSLDS).

9. For those continuing students *Cal Grant recipients* at ineligible schools, will all payments be reduced by 20 percent? Full time, half-time?

~~Students who are eligible for Cal Grants and~~ *Cal Grant recipients* who were enrolled during 2011-12 at an institution that is now ineligible **may choose to stay enrolled at the ineligible institution and receive a reduced Cal Grant award.** The maximum Cal Grant A and B award will be reduced by 20 percent from \$9,223 to \$7,380. If the student's enrollment changes to part time, then the prorated award amount will be adjusted accordingly. For example, a half-time payment will reflect half of the 20 percent reduction; a three-quarters time payment will reflect three-quarters of the 20 percent reduction.

The Cal Grant B access award of \$1,473 for the renewing recipient (continuing student) will not be reduced under this exception.

The Cal Grant C tuition and fee award of \$2,462 and book and supply award of \$547 for the renewing recipient (continuing student) will not be reduced under this exception.

10. What is the source for the three-year cohort default rate?

The Commission ~~downloaded the 2008 trial~~ *obtains the* three-year cohort default rate (CDR) information, along with information on the undergraduate students borrowing federal student loans and institution type, from the United States Department of Education Federal Student Aid website: <http://studentaid.ed.gov/about/data-center/student/default>.

For the 2011-12 and 2012-13 academic years, the Commission used the 2008 three-year CDR information updated April 2011. For the 2013-14 academic year, the Commission ~~will use~~ *used* the 2009 three-year CDR information *that became available in* on September 28, 2012. The CDR rates ~~were~~ *are* certified by the Commission for each institution ~~in~~ on October 1st2014, as prescribed by the law.

11. Why doesn't the Commission certify a two-year cohort default rate?

California Education Code Section 69432.7(l)(3)(A) indicates that the Commission shall certify an institution's latest three-year, not two-year, cohort default rate (CDR) as most recently reported by the United States Department of Education (USED). For the 2012-13 academic year, the latest three-year CDR information reported by the USED is 2008.

12. What is the source for the graduation rate?

The Commission downloaded the 2010 graduation rate information from the United States Department of Education (USED) Integrated Postsecondary Education Data System (IPEDS) Data Center website: <http://nces.ed.gov/ipeds/datacenter/> under the topic "Generate Pre-Defined Reports." The IPEDS Help Desk provided the 2010 graduation rate information for some schools not listed in the data file downloaded from the USED IPEDS Data Center.

To look up the graduation rate of a particular school, go to USED IPEDS Data Center website <http://nces.ed.gov/ipeds/datacenter/InstitutionByName.aspx> and type in the "Institution Name" and click on "SELECT". Under the "Institution Profile" (after selecting an institution), click on "Graduation Rates" to get an overall graduate rate. The overall graduate rate is a rounded version of the graduation rate the Commission certified.

For the 2013-14 academic year, the Commission ~~will use~~ the 2011 graduation rate information.

13. Why doesn't the Commission certify a more recent graduation rate?

California Education Code Section 69432.7(l)(3) indicates that the Commission shall certify an institution's latest graduation rate as most recently reported by the United States Department of Education (USED). *Under the IPEDS Data Collection Schedule, the graduation rate becomes available annually in April. For the 2012-13 academic year, the latest graduation rate information reported by the USED is/was the 2010 graduation rate. This rate was certified by the Commission on July 30, 2012. On October 1, 2012 when the Commission certified the graduation rate for the 2013-14 academic year, the 2010 graduation rate was again used as it remained the latest graduation rate as most recently reported by USED.*

On July 12, 2012, the IPEDS TOOLS Help Desk staff informed the Commission that the 2011 graduation rate information has not been released but will soon be available to download from the IPEDS Data Center at the Early Release level. According to the Early Release Data Usage Agreement, "These early release files may differ from the files that are eventually publicly released, as the data in the files have not been fully evaluated by National Center for Education Statistics (NCES). These data are provided to institutions that have submitted data to IPEDS for institutional-level analysis only, and should not be used to create national, state, or other aggregate estimates. The information reflected on the College Navigator site is for the most recent Graduation Rates survey data from the 2011-12 IPEDS collection year. The data was released to the College Navigator site on July 6, 2012. According to the IPEDS TOOLS Help Desk staff, the graduation rate information on the NCES College Navigator is at the Early Release level (the preliminary 2011 graduation rate information).

On August 14, 2012, IPEDS announced that it is now releasing data in three stages:

- *Preliminary Data has been edited but is subject to further NCES quality control procedures.*
- *Provisional Data has undergone all NCES data quality control procedures. Provisional data were previously referred to as "final" or "public release data".*
- *Final Data includes revisions to the provisional data that have been made by institutions during the subsequent data collection year. Final data were previously referred to as "revised data".*

The Commission uses the Final or Provisional Data as it has undergone all NCES data quality control procedures. Based on the IPEDS Graduation Rate Schedule, the Provisional Data 2011 graduation rate information will not be available until April 2013. The Commission will use the Provisional Data 2010 graduation rate information for the 2013-14 academic year.

14. For which academic year and from which report year does the Commission certify the three-year cohort default rate and the graduation rate?

California Education Code Section 69432.7(l)(3)(A) indicates that the Commission shall certify by October 1 of each year an institution's latest three-year cohort default rate (CDR) and graduation rate as most recently reported by the United States Department of Education (USED).

An "academic year" is July 1 to June 30 inclusive per California Education Code Section 69432.7(a). The starting date of a session shall determine the academic year in which it is included.

The chart below indicates the academic year and applicable CDR and graduation rate information.

Academic Year	As of October 1, Latest Available Year Reported by USED	
	Three-Year CDR	Graduation Rate
2012-13	2008	2010*
2013-14	2009	2011 2010
2014-15	2010	2011

* *If a graduation rate had been required on October 1, 2011, the latest graduation rate information available for the 2012-13 academic year would have been 2009. However, the Governor and Legislature added the standard for graduation rate effective July 1, 2012, so the latest graduation rate information available for the 2012-13 academic year is 2010.*

15. Will ineligible institutions be notified of those Cal Grant students currently showing at their school?

The 2012-13 Cal Grant roster of an ineligible institution reflects those students who are not eligible to receive a Cal Grant and those whose Cal Grant award is reduced.

16. If the Commission is sending written communication to students informing them that some institutions are not eligible for Cal Grants because those institutions do not meet the new standards, will the Commission share the communication with institutions?

Yes. The Commission sent a Grant Operations Memo with copies of student letters to institutions prior to students being notified.

For additional information:

Institutions should contact the Commission's School Services Branch at schoolsupport@csac.ca.gov.

Media should call (916) 464-8271.

*Note: Revisions to this document are identified as deletions in ~~strikeout~~ or additions in *italics*.*