

CALIFORNIA STUDENT AID COMMISSION
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**AMENDMENT TO TITLE 5, DIVISION 4, CHAPTER 1
CALIFORNIA CODE OF REGULATIONS**

Cal Grant Program and Participating Institution Data Reporting Requirements

INITIAL STATEMENT OF REASONS

INTRODUCTION

On March 24, 2011, Senate Bill (SB) 70 (Chapter 7, Statutes of 2011) was signed by the Governor and chaptered into California law. SB 70 amended Education Code sections 69432.7, 96432.9, 69433.6, and 69433.7 and added Education Code section 69433.2.

The focus of this rulemaking is new Education Code section 69433.2 which requires that Cal Grant participating institutions report to the Commission certain information relating to their undergraduate programs. Education Code section 69433.2 provides:

As a condition for its voluntary participation in the Cal Grant Program, each Cal Grant participating institution shall, beginning in 2012, annually report to the commission, and as further specified in the institutional participation agreement, both of the following for its undergraduate programs:

- (a) Enrollment, persistence, and graduation data for all students, including aggregate information on Cal Grant recipients.
- (b) The job placement rate and salary and wage information for each program that is either (1) designed or advertised to lead to a particular type of job; or (2) advertised or promoted with any claim regarding job placement.

In order to implement SB 70's reporting requirements, the Commission will need to adopt regulations interpreting and clarifying the information the institutions will need to provide in order to comply with section 69433.2. While the legislation provides a framework for types of data to be collected, without these regulations the specific details of what is required and what data is and is not permitted to be reported will be open to the interpretation of the reporting institution. For example, the statute does not provide a definition of "persistence" nor does it provide the methodology for determining "job placement rate." Without clear definitions and methodologies for reporting the data, the data collected by the Commission will be inconsistent from institution to institution thereby making it of limited use to the students and parents who may find the information to be a valuable resource in making a decision about attending a particular postsecondary educational institution.

During the 2011-12 academic year, more than 250,000 Cal Grant recipients attended postsecondary educational institutions in California. Helping students make good choices about higher education is critical to their success, not only as scholars but as the State's future workforce. Students and their parents need pertinent information that is easy to access, easy to understand and easy to compare. They can search for information today, but it is often difficult

to locate, fragmented across different sources, and steeped in the jargon of higher education professionals.

By requiring higher education institutions to report enrollment, persistence, graduation and employment data, SB70 allows the California Student Aid Commission to bring valuable information for students together in one spot. By using this data as the cornerstone for a new user-friendly website, CSAC can provide a model for the rest of the nation in empowering students to understand their options and select the best opportunity that supports their aspirations.

Pursuant to the authority provided in Education Code Section 69433.7, Commission staff, in consultation with Cal Grant qualifying institutions and other interested stakeholders considered changes to the California Code of Regulations Title V, Division 4, Chapter 1 Sections 30000-30044.5 to implement, interpret, and construct the requirements established in CEC sections 69432.7, 96432.9, and 69433.6, which became effective on March 24, 2011.

Economic Impact Analysis

In accordance with Government Code Section 11346.3(b), the Commission has made the following assessments regarding the proposed regulations and did not rely on any other technical, theoretical or empirical study, report or similar document in developing the proposed regulatory action:

The proposed regulations are designed to provide a framework for Cal Grant participating institutions to complete data reporting to the Commission. In clarifying and interpreting CEC sections 69432.7, 96432.9, and 69433.6 no jobs will be created or eliminated; no new businesses will be created or existing businesses eliminated; nor will any existing businesses be expanded or eliminated in California.

The Commission has made a determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business as it affects only institutions of postsecondary education that voluntarily elect to participate in the Cal Grant Program and only requires that such institutions report certain data electronically to the Commission.

Alternatives Considered

The Commission did not consider any alternatives to the proposed regulations because it believes the proposed regulations are the best way to align with statutory imperatives.

Benefits to the Welfare of California Residents

Helping students make good choices about higher education is critical to their success, not only as scholars but as the State's future workforce. Students and their parents need pertinent information that is easy to access, easy to understand and easy to compare. They can search for information today, but it is often difficult to locate, fragmented across different sources, and steeped in the jargon of higher education professionals.

By requiring higher education institutions to report enrollment, persistence, graduation and employment data, these regulations would allow the California Student Aid Commission to bring valuable information for students together in one spot. By using this data as the cornerstone for

a new user-friendly website, CSAC can provide a model for the rest of the nation in empowering students to understand their options and select the best opportunity that supports their aspirations.

The specific purpose of each proposed amendment, and the rationale for the determination that each amendment is reasonably necessary to carry out the purpose for which it is proposed, is as follows:

Proposed Sections

1. Amend section 30000 to identify that an academic year is the twelve month period between “July 1 and June 30.”

Factual basis / rationale: This change is necessary to clarify and align section 30000 with the definition of “academic year” found in Education Code section 69432.7.

2. Add section 30000.5 providing for a definition of “Commission” for purposes of identifying the California Student Aid Commission within the regulations.

Factual basis / rationale: Section 30000.5 restates the definition found in Education Code section 69432.7. For ease of reference, the terms “California Student Aid Commission” and “Commission” are used interchangeably in Title 5, Division 4, Chapter 1 of the California Code of Regulations that applies to the California Student Aid Commission.

3. Amend section 30001 to update the legal citations to reflect current law and to clarify existing language for consistency with other regulations affecting the Cal Grant Program.

Factual basis / rationale: The proposed amendments remove citations to sections of the Education Code which have been repealed and provide clarification that each of the definitions within section 30001 applies to both the entitlement and competitive Cal Grant programs.

4. Amend section 30002 to update the legal citations to reflect current law.

Factual basis / rationale: The proposed amendments remove citations to sections of the Education Code which have been repealed and provide the current statutory basis for the regulation.

5. Amend section 30005 to update the legal citations to reflect current law.

Factual basis / rationale: The proposed amendments remove citations to sections of the Education Code which have been repealed and provide the current statutory basis for the regulation.

6. Amend section 30009 to reflect changes to Education Code section 69432.7(l).

Factual basis / rationale: Education Code section 69432.7(l) has been amended necessitating that 30009(b) also be amended to reflect those changes. Also, 30009(c)(1) has been deleted and the following paragraphs renumbered accordingly.

7. Add section 30010 to establish a common reporting scheme, the Classifications of Instructional Programs Code, for qualifying institutions to report the enrollment, persistence, graduation, job placement and salary and wage reporting to the Commission as required by Education Code section 69433.2.

Factual basis / rationale: In order to provide the best information to students and parents, the data reported to the Commission must be consistent across institutions and undergraduate programs. Postsecondary institutions that participate in the federal Title IV programs – which is the overwhelming majority of Cal Grant participating institutions – are already required to report certain program data based upon the Classification of Instructional Programs (CIP) code. The CIP code was originally developed by the U.S. Department of Education's National Center for Education Statistics (NCES) in 1980, with revisions occurring in 1985, 1990, 2000, and most recently, in 2010. By using an already established taxonomic scheme that institutions are already familiar with, the Commission can receive more accurate tracking and reporting of fields of study and program completions activity.

8. Amend section 30020 to update the legal citations to reflect current law.

Factual basis / rationale: The proposed amendments remove citations to sections of the Education Code which have been repealed and provide the current statutory basis for the regulation.

9. Amend section 30021 to reflect changes made to the definition of “qualifying institution” found in Education Code section 69432.7(l).

Factual basis / rationale: The proposed amendment is a non-substantive technical change to maintain consistency of terms throughout the regulations. Education Code section 69432.7(l) uses the term “qualifying institution” not “school or college.” In addition, SB 70 changed the definition of “qualifying institution” and now limits and/or eliminates the participation of certain institutions in the Cal Grant Program who fail to meet the cohort default rate limits established by that section. As a result, a Cal Grant recipient’s ability to receive a Cal Grant could be limited by the recipient’s choice of qualifying institution.

10. Amend section 30022 to reflect changes made to the definition of “qualifying institution” found in Education Code section 69432.7(l) and to clarify the circumstances under which a Cal Grant recipient’s award may be modified in the event the recipient changes qualifying institution.

Factual basis / rationale: Cal Grant recipients are permitted to change institutions after having been awarded a Cal Grant; however because a recipient’s eligibility for an award is based upon the financial need of the student, of which cost of attendance is a factor, changing institutions can potentially impact a student’s Cal Grant eligibility. The proposed amendment corrects the terminology from “School or College” to “Qualifying institution” and additionally specifies that the Commission will redetermine a Cal Grant recipient’s financial need eligibility based upon a change in the cost of attendance as required by Education Code section 69432.9.

11. Amend section 30030 to clarify the timing in which various initial Cal Grant awards are activated, or when initial award activation may be postponed. In addition, the amendment removes citations to sections of the Education Code which have been repealed and provide the current statutory basis for the regulation.

Factual basis / rationale: Subsection 30030(a) establishes that an initial Cal Grant A or B award may be activated no earlier than the fall term of the applicable award year.

Subsection 30030(b) establishes that a Cal Grant C award may be activated in the summer term of the award year if the summer term begins July 1 or later.

Subsection 30030(c) establishes that a student may be granted a postponement of award activation if granted a leave of absence or other basis for postponement by the Commission.

These amendments bring Section 30030 into conformance with current Commission practice. The educational programs for which students are eligible to receive a Cal Grant C award tend to be of limited duration; some programs are only one year. In addition, many schools that offer Cal Grant C eligible programs offer classes that begin in the summer following a student's graduation from high school. The Commission has found that requiring the Cal Grant C students to wait until the fall term to receive a payment from their Cal Grant C award results in many students receiving less than the full benefit of their Cal Grant C award before they complete their educational program. Furthermore, the proposed amendments remove citations to sections of the Education Code which have been repealed and provide the current statutory basis for the regulation.

12. Amend section 30032 to change the term "school or college" to "qualifying institution."

Factual basis / rationale: The proposed amendment is a non-substantive technical change to maintain consistency of terms throughout the regulations. Education Code section 69432.7(l) uses the term "qualifying institution" not "school or college."

13. Amend section 30033 change the term "school or college" to "qualifying institution"; update the residency language to reflect current law, and provide clarification on the withdrawal of a Cal Grant for failure to make satisfactory academic progress.

Factual basis / rationale: The proposed amendment contains non-substantive technical changes to maintain consistency of terms throughout the regulations. Section 30001 establishes the definition for a "grant recipient", while Education Code section 69432.7(l) uses the term "qualifying institution" not "school or college."

Subsection 30033(d) has been changed to reflect the 2011 legislation (AB 131) permitting students who are exempt from paying nonresident tuition under Education Code section 68130.5, or who meet equivalent requirements adopted by the regents, are eligible to apply for, and participate in, any student financial aid program administered by the State of California, including the Cal Grant Program, to the full extent permitted by federal law.

California Education Code section 69433.5(a) provides that a Cal Grant recipient "shall remain eligible only if he or she is ... making satisfactory academic progress at a qualifying institution, as determined by the Commission." Subsection 30033(f) has been added to interpret and clarify that for purposes of withdrawing a student from the Cal Grant Program for failure to meet satisfactory academic progress, a student must fail to meet the

institution's satisfactory academic progress policy in excess of two consecutive semesters or three consecutive quarters before the student is withdrawn from the Cal Grant Program. By placing this time frame in regulation, a student will have adequate notice that failure to meet the institution's satisfactory academic progress, as indicated in the regulation, may result in the student's withdrawal from the Cal Grant Program and loss of the student's Cal Grant award.

14. Adopt Article 4. Reporting of Program Data, commencing with section 30040 and implementing the annual enrollment, persistence and graduation data report.

Factual basis / rationale: SB 70 added Section 69433.2 to the Education Code. This section requires that Cal Grant participating institutions report enrollment, persistence and graduation data to the Commission on all of its undergraduate programs, including aggregate data on Cal Grant recipients. New subsection 30040(a) identifies the students that are to be included within the report and establishes the reporting dates.

Subsection 30040(b) established the time frame and criteria for receiving an extension from the filing date.

Subsection 30040(c) provides the methods by which an institution may prepare and submit its report either by compiling its own data and submitting it to the Commission through the existing WebGrants system, or it may choose to send student unitary data to the Commission so as to permit the Commission to prepare the report on the institution's behalf. For those institution's electing to have the Commission prepare the report, subsection 30040(c)(2)(A) establishes a timeline and process for the report to be completed.

Subsection 30040(d) establishes that an institution that fails to timely report its data shall be considered out of compliance with its Institutional Participation Agreement with the Commission.

15. Adopt section 30040.2 which provides the definition of "cohort" for the purposes of determining the appropriate group of students who should be included in a particular reporting period for the different reporting requirements.

Factual basis / rationale: In order to determine the appropriate group of students to include for the reports required by Section 69433.2, the Commission has clarified that for purposes of reporting enrollment, persistence and graduation data, all students who first attend the institution during the same academic year are considered as single cohort, who remain together for reporting purposes until the reporting for that academic year cohort has been completed. Collecting data by cohort provides for a progression of data from initial enrollment, through a student's attendance at the institution and persistence in their educational program, until the student completes or graduates from the program, or the reporting period for that program has ended.

For reporting job placement and salary and wage data, the cohort consists of all students who completed their program within the same academic year. Collecting job placement and salary and wage data on students who complete within the same academic year permits better comparisons between institutions as graduates within the same academic year cohort are more likely to face more equivalent job prospects, or similar economic factors, than students who may have graduated earlier, or later, than other students in the same field. In addition, having a graduation cohort for job placement and salary and wage reporting,

eliminates any type of cut off associated with how long it took the student to actually complete his or her program and captures data for all graduates, not just those who completed within a prescribed time frame.

16. Adopt section 30040.6 which provides the definition of “published program length” for purposes of calculating graduation data required by Education Code section 69433.2.

Factual basis / rationale: Graduation data is being collected based upon the “published program length” which the Commission has defined to include both the terms “normal” and “expected” time for completion of a program. For example, a baccalaureate degree may have an expected time to completion of four years for a student attending full-time. As a result, a student who takes four years to complete a baccalaureate degree will be found to have graduated within 100% of the published program length; a student taking five years will be considered to have taken 150% of the published program length. As noted previously, the overwhelming majority of Cal Grant participating institutions participate in the federal Title IV programs. To participate in Title IV, those institutions are required to report to the U.S. Department of Education the “normal” or “expected” time for each of their eligible programs. The Commission is aligning its “published program length” definition with the federal usage/definition to facilitate institutional reporting and maintain consistent reporting between the federal and state definition of the length of undergraduate programs.

17. Adopt section 30041 interpreting and clarifying the term “enrollment data” for purposes of the SB 70 reporting requirements found in Education Code section 69433.2.

Factual basis / rationale: It is necessary to provide specificity to the institutions on the elements of data which are intended by the term “enrollment” data to ensure that there is consistency and reliability in the data being reported to the Commission pursuant to Education Code section 69433.2. The Commission’s goal is capture enrollment data, which because of its equivalency across higher education segments and institutions, can be used by students and parents to compare institutions. Allowing an institution to self-determine what is meant by enrollment data, may result in pertinent data not being reported, or otherwise limited in some fashion, by the institution. Such an inconsistent reporting result would largely negate the value the data would have for students and parents who are seeking information about a particular institution. The Commission has interpreted and clarified that “enrollment data” includes aggregate data on the total number of students enrolling in a particular academic year cohort, including the total number of Cal Grant recipients. Further aggregation of data on the cohort’s race/ethnicity, gender and enrollment status is included in the definition.

18. Adopt section 30041.5 defining the term “persistence” for purposes of the SB 70 reporting requirements found in Education Code section 69433.2.

Factual basis / rationale: It is necessary to provide specificity to the institutions on the elements of data which are intended by the term “persistence” data to ensure that there is consistency and reliability in the data being reported to the Commission; and that because of its equivalency, the data can be used by students and parents to compare institutions. Allowing an institution to self-determine what is meant by persistence data, may result in pertinent data not being reported, or otherwise limited in some fashion by the institution. Such an inconsistent reporting result would largely negate the value the data would have for students and parents who are seeking information about a particular institution. The Commission has interpreted and clarified that “persistence data” includes the total number

of students who have enrolled in and completed at least one course at the institution during the academic year following initial enrollment, and every academic year thereafter, until the institution has reported at least 200% of the published program length. Further aggregation of data on the total number of Cal Grant recipients, and the race/ethnicity, gender and enrollment status of the cohort is included in the definition.

19. Adopt section 30042 defining the term “graduation data” for purposes of the SB 70 reporting requirements found in Education Code section 69433.2.

Factual basis / rationale: It is necessary to provide specificity to the institutions on the elements of data which are intended by the term “graduation data” to ensure that there is consistency and reliability in the data being reported to the Commission for this purpose; and that because of its equivalency, the data can be used by students and parents to compare institutions. Allowing an institution to self-determine what is meant by graduation data, may result in pertinent data not being reported, or otherwise limited in some fashion by the institution. Such an inconsistent reporting result would largely negate the value the data would have for students and parents who are seeking information about a particular institution and the length of time its students take to complete its programs. The Commission has interpreted and clarified that “graduation data” includes the total number of students who completed the program within 100%, 150% and 200% of the published program length for the particular program which the student has completed identified by its CIP Code. Institutions are given the option of reporting data for students completing at 250%, 300%, 350% and 400% of published program length if they so choose. The California community college are given an additional option to report data on students that transfer to a baccalaureate degree granting institution because many California community college students transfer without having competed or graduated from a particular program. Further aggregation of data based upon the total number of Cal Grant recipients, and the race/ethnicity, gender and enrollment status of the cohort is included in the definition.

20. Adopt section 30042.5 implementing the annual job placement rate and salary and wage reporting established by Education Code section 69433.2.

Factual basis / rationale: This section restates the requirements found in Education Code section 69433.2 that requires that Cal Grant participating institutions report annual job placement rate and salary and wage data to the Commission on all of the institution’s undergraduate programs, including aggregate data on Cal Grant recipients. New section 30042.5 also provides clarification on the types of reporting that is being required by Education Code section 69433.2, the programs which are subject to the required reporting and how the report is to be filed with the Commission. It is necessary for the Commission to provide specificity to the institutions on the elements of data which are intended by the term “job placement rate and salary and wage reporting” to ensure that there is consistency and reliability in the data being reported to the Commission; and that because of its equivalency, the data can be used by students and parents to compare institutions and programs. Allowing an institution to self-determine what is meant by the Education Code, may result in pertinent data not being reported, or otherwise limited in some fashion by the institution. Such an inconsistent reporting result would largely negate the value the data would have for students and parents who are seeking information about a particular institution and the length of time its students take to complete its programs.

Subsection (a) restates the Education Code section 69433.2 requirements and clarifies that institution's will have to report their data by CIP Code and that for the for the first year of reporting an institution is only required to report total number of students that graduated during the 2011-12 academic year, aggregated by campus and CIP code.

Subsection (b) clarifies that for the 2012-13 academic year, and every academic year after the institution would begin reporting for the two previous academic years. This phased rollout will not require that an institution provide information for students who graduated from the institution prior to the implementation of the SB 70 reporting requirements; it instead allows the institution time to implement any additional data gathering necessary to complete its SB 70 report on its most recent graduates.

Subsections (c), (d) and (e) interpret and clarify whether a particular program at in institution is either "designed or advertised to least to a particular type of job" or "advertised or promoted with any claims regarding job placement" as required for reporting by Section 69433.2 of the Education Code.

Subsection (f) clarifies that the report shall be filed electronically with the Commission.

Subsection (g) establishes, for those California community colleges electing to have the Commission prepare the report, a timeline and process for the report to be completed.

Subsection (h) clarifies that an institution may be granted an extension to file their report under the specified circumstances up to the specified time frame.

Subsection (i) clarifies that an institution that fails to timely report its data may be considered out of compliance with its institutional participation agreement.

21. Adopt section 30043 implementing the annual job placement rate and salary and wage reporting established by Education Code section 69433.2. and establishing the criteria for determining whether particular data should be included in the report.

Factual basis / rationale: Subsection 30043(a) interprets, clarifies and identifies the data elements which are necessary to enable an institution to prepare its job placement rate and salary and wage report to include the total number of student that graduated in the cohort, the number of graduates available for employment, the number of graduates employed in the field, and the job placement rate. It is necessary for the Commission to provide specificity to the institutions on the elements of data which are intended by the term "job placement rate and salary and wage reporting" to ensure that there is consistency and reliability in the data being reported to the Commission; and that because of its equivalency, the data can be used by students and parents to compare institutions and programs. Allowing an institution to self-determine what is meant by the Education Code, may result in pertinent data not being reported, or otherwise limited in some fashion by the institution. Such an inconsistent reporting result would largely negate the value the data would have for students and parents who are seeking information about a particular institution and the length of time its students take to complete its programs.

Subsection 30043(b) provides the formula for an institution to calculate its job placement rate for each program, as identified through its CIP Code, by graduating cohort.

Subsection 30043(c) provides a definition of “graduates available for employment” that is relevant to the proposed regulations for this report.

Subsection 30043(d) provides a definition of “graduates unavailable for employment” that is relevant to the proposed regulations for this report.

Subsection 30043(e) provides a definition of “employed in the field” that is relevant to the proposed regulations for this report.

22. Adopt section 30043.5 implementing the definition of the Standard Occupational Classification Code system to annual job placement rate and salary and wage reporting established by Education Code section 69433.2. and establishing the criteria for determining whether particular data should be included in the report.

Factual basis / rationale: In order for students and parents to better determine whether an institution or program is providing its graduates with opportunities for employment growth through education and, subsequently, job placement; the Commission has determined that for purposes of reporting “job placement and salary and wage data”, a graduate must have received a tangible employment benefit from pursuing and completing a particular educational program that was designed or advertised to lead or “advertised or promoted with any claim regarding job placement” as set forth in Education Section 69433.2. To clarify and determine that there is a relationship between the education pursued and the employment being reported for these purposes, the Commission is adopting the use of the federal Standard Occupational Classification Code System because of its ability to be cross-referenced with the federal CIP Codes already used for reporting by many of the institutions participating in the Cal Grant Program.

23. Adopt section 30044 implementing the salary and wage reporting established by Education Code section 69433.2. and establishing the criteria and format for reporting the salary and wage information.

Factual basis / rationale: Subsection 30044(a) re-states the requirements of Education Code section 69433.2. that each undergraduate qualifying institution shall report to the Commission the salary and wage information for each program that is either (1) designed or advertised to lead to a particular type of job; or (2) advertised or promoted with any claim regarding job placement. It is necessary to provide specificity to the institutions on the elements of data which are intended by the term “salary and wage information” to ensure that there is consistency and reliability in the data being reported to the Commission; and that because of its equivalency, the data can be used by students and parents to compare institutions and programs. Allowing an institution to self-determine what is meant by “salary and wage information” may result in pertinent data not being reported, or otherwise limited in some fashion by the institution. Such an inconsistent reporting result would largely negate the value the data would have for students and parents who are seeking information about a particular institution and the length of time its students take to complete its programs.

Subsection 30044(b) establishes the particular graduate data that should be included in the report and the format and breadth of the reporting requirement.

24. Adopt section 30044.5 implementing a requirement that reporting institutions maintain the data used to create the reports required by Education Code section 69433.2 and clarify that such data may be subject to audit.

Factual basis / rationale: To ensure that the data the Commission is providing to students and their parents is as accurate as possible, is not misleading, and provides students with the information necessary to help them achieve success in their higher education, the Commission is establishing a requirement that the information underlying the data being submitted to the Commission pursuant to Education Code section 69433.2 be retained so that it may be audited to ascertain that it was calculated and reported correctly. In the event that an institution fails to accurately report its data, or does not retain the information necessary to substantiate its data, an institution may be found to be out of compliance with its institutional participation agreement.