

# Item 16

(Action Item)

## Consideration of institutional appeals for 2021-22 Cal Grant Participation

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### SUMMARY:

This item considers two institutional appeals for Cal Grant participation in the 2021-22 academic year (AY). The following institutions are presenting their appeals to the California Student Aid Commission (Commission) under Section 69432.7 of the California Education Code (CEC). This code section authorizes the Commission to grant an appeal for an academic year if it determines that the institution has a cohort size of 20 individuals or less and the cohort is not representative of the overall institution performance. Staff have determined that the following institutions meet the requirement of a cohort of less than 20:

- Gnomon
- University of the West

An analysis is provided for each of the institutional appeals, along with attachments containing additional details related to each request.

### RECOMMENDATION:

Commission staff recommends the following for these 2021-22 Cal Grant Participation appeals:

- Approve Gnomon's appeal pursuant to CEC Section 69432.7(l)(3)(l)(iv)(II) because the cohort is less than 20 students and the graduation rate is not representative of the institution's overall graduation performance.
- Approve University of the West's appeal pursuant to CEC Section 69432.7(l)(3)(l)(iv)(II) because the cohort is less than 20 students and the graduation rate is not representative of the institution's overall graduation performance.

### BACKGROUND:

CEC Section 69432.7(l)(3) provides in relevant part:

*(3) (A) The commission shall certify by November 1 of each year the institution's latest official three- year cohort default rate and graduation rate as most recently reported by the United States Department of Education. For purposes of this section, the*

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*graduation rate is the percentage of full- time, first-time degree or certificate-seeking undergraduate students who graduate in 150 percent or less of the expected time to complete degree requirements as most recently reported publicly in any format, including preliminary data records, by the United States Department of Education.*

\* \* \*

*(F) For purposes of the 2012–13 academic year, and every academic year thereafter, an otherwise qualifying institution with a graduation rate of 30 percent or less as certified by the commission pursuant to subparagraph (A), shall be ineligible for initial and renewal Cal Grant awards at the institution, except as provided for in subparagraph (H). [Emphasis added].*

The United States Department of Education (USDE) receives data via the Integrated Postsecondary Education Data System from institutions and calculates graduation rates. The USDE then notifies each institution of its draft rates and provides an appeal period in which the institution may seek changes in the calculations based on corrected data. If it agrees with the institution, the USDE will recalculate the relevant rate and report the corrected rate. Cal Grant law mandates that if the USDE corrects an institution's graduation rate, and that correction brings that rate within the statutory Cal Grant standards, the institution immediately regains its eligibility to participate in the Cal Grant Program (see CEC Section 69432.7(l)(3)(C)).

Graduation rate is defined as the percentage of full-time, first time degree or certificate-seeking undergraduate students who graduate in 150 percent or less of the expected time to complete degree requirements. As described in the Integrated Postsecondary Education Data System – Graduation Rates attachment, graduation rates are published a couple of years after a cohort's 150 percent graduation rate is initially measured and submitted by the institution to the USDE via the Integrated Postsecondary Education Data System. To determine graduation rates for the 2021-22 academic year, the data focuses on students who began their studies in the fall of 2013 and graduated by 2019.

Section 69432.7(l)(3) of the California Education Code requires the Commission to certify graduation rates calculated and reported by the USDE and establishes that these rates must be applied to determine whether institutions satisfy statutory standards to participate in the Cal Grant Program. Section 69432.7(l)(3)(l)(iv)(II) of the California Education Code authorizes the Commission to grant an appeal for an academic year if the Commission determines that the institution has a cohort size of 20 individuals or less and the cohort is not representative of the overall institution performance.

At its January 21, 2021 meeting, the Commission adopted regulations pursuant to Section 69432.7(l)(3)(l)(iv) of the California Education Code establishing the appeal process for an otherwise qualifying institution that fails to satisfy the three-year cohort default rate and graduation rate requirements specified in the Education Code. The Commission regulations delegate to staff the ministerial determination as to whether an institution has a cohort size of 20 individuals or less. Staff have determined that both institutions appealing have a cohort size of 20 individuals or less.

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## Gnomon Appeal Request

- 2021-22 Graduation Rate: 0 percent
- Graduation Rate Requirement for Cal Grant Participation: Above 30 percent
- Cohort size of Full-Time, First-Time Degree Seeking Students: 1 student
- 2020-21 Cal Grant awardees: 320 students (per CSAC's latest roster)

Gnomon filed an appeal on December 31, 2020, asking for reconsideration from the Commission to allow Gnomon's participation in the Cal Grant Program during the 2021-22 academic year, even though Gnomon does not comply with the statutory Cal Grant Institution eligibility standards for graduation rates for the cohort year certified. The USDE reported Gnomon's graduation rate at 0 percent, which fails to meet the Cal Grant requirement that graduation rates be higher than 30 percent. Gnomon is seeking to appeal this decision based on their very small cohort size (1 student) as authorized under Section 69432.7 of the California Education Code.

## Staff Recommendation for Gnomon Appeal

Based on the data reported through the Integrated Postsecondary Education Data System, Gnomon's cohort of full-time, first-time degree-seeking undergraduate students is under 20 (1 student) which is less than six percent of the institution's overall student population and only accounts for first-time, full-time students. The graduation rate for the overall undergraduate student population that started in the fall of 2013 (18 students) at this institution is 72 percent (13 students from this cohort graduated by 2019). Therefore, the graduation rate of 0 percent for first time, full time students is not representative of the institution's overall graduation rate of 72 percent. Additionally, the institution stated that they have very few students that meet the "first-time, full-time" criteria given the level of proficiency required to enter their programs. Gnomon is a high-tech digital animation school and students usually take individual classes prior to gaining acceptance into one of the school's programs; and many others take general education courses at a community college before transferring to Gnomon.

Pursuant to California Education Code Section 69432.7 (l)(3)(l)(iv)(II), **Commission staff recommends approving Gnomon's participation appeal because the cohort is less than 20 students and the graduation rate is not representative of the institution's overall graduation performance.**

## University of the West Appeal Request

- 2021-22 Graduation Rate: 11 percent
- Graduation Rate Requirement for Cal Grant Participation: Above 30 percent
- Cohort size of Full-Time, First-Time Degree Seeking Students: 18 students
- 2020-21 Cal Grant awardees: 37 students (per CSAC's latest roster)

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University of the West (UWest) filed an appeal on January 11, 2021, asking for reconsideration from the Commission to allow UWest's participation in the Cal Grant Program during the 2021-22 academic year, even though UWest does not comply with the statutory Cal Grant eligibility standards for graduation rates for the cohort year certified. The USDE reported UWest's graduation rate at 11 percent, which fails to meet the Cal Grant requirement that graduation rates be higher than 30 percent. UWest seeks to appeal this decision based on their small cohort size (18 students) as authorized under Section 69432.7 of the California Education Code.

### Staff Recommendation for UWest Appeal

Based on the data reported through the Integrated Postsecondary Education Data System, UWest's cohort of full-time, first-time degree-seeking undergraduate students is under 20 (18 students). When graduation rates are considered for the full undergraduate population for the 2013 cohort (30 students), the graduation rate is above the standard at 33 percent. Therefore, the graduation rate of 11 percent for first-time full-time students is not representative of the institution's overall graduation rate of 33 percent.

Pursuant to California Education Code Section 69432.7 (l)(3)(l)(iv)(II), **Commission staff recommends approving UWest's participation appeal because the cohort is less than 20 students and the graduation rate is not representative of the institution's overall graduation performance.**

There were two additional institutional appeals for participation in the 2021-22 Cal Grant Program due to not meeting the graduation rate or cohort default rate standards. However, the student cohort size for those appeals exceeded the cohort size of 20 students specified in Section 69432.7(l)(3)(l)(iv)(II) of the California Education Code. Pursuant to the regulations adoption by the Commission in January, staff determined that these institutions did not meet the 20 individuals or less cohort size requirement and were therefore ineligible to have their appeal considered by the Commission.

### **RESPONSIBLE PERSON(S):**

Tae Kang, Deputy Director  
Program Administration and Services Division

Alessandra Morrison, Assistant Deputy Director  
Program Support Services Branch

### **ATTACHMENT(S):**

Appeal from Gnomon

Appeal from University of the West (UWest)

Integrated Postsecondary Education Data System – Graduation Rates