



SUMMARY OF RECOMMENDATION

Allow new Transfer Entitlement Cal Grant awardees to put their award on leave of absence.

RELEVANT STATUTE(S): [EDC 69436\(b\)\(10\)\(A\)](#)

BACKGROUND

If a student is enrolled less than half time for any term, they must request a leave of absence from the Cal Grant program via [WebGrants for students](#). Students are allotted a maximum of 4 semesters/6 quarters (200%) of leave throughout the lifetime of their Cal Grant award. Extensions may be granted for extenuating circumstances for students that submit a Cal Grant Appeal.

The Cal Grant Transfer Entitlement Award is for students who were not awarded a High School Entitlement Award but plan to transfer directly from a California Community College (CCC) to an eligible bachelor degree granting institution (BDGI) in California.

PROBLEM

The COVID-19 crisis has caused severe interruptions in higher education, forcing many students to withdraw from their studies. When [surveyed](#) in May, a third of returning postsecondary students (33.15%) indicated their enrollment plans for Fall 2020 had changed “quite a bit,” while another 22.12% responded they were “not sure yet.” When asked which institutions they now planned to attend in Fall 2020 there were lower percentages of students indicating the University of California (3 percent point decrease) or California State University (6 percent point decrease) relative to their plans before COVID-19, while another 15.3% of students replied that they “don’t know yet.” A quarter (25.4%) of currently enrolled postsecondary students indicated their plans changed due to a desire to stay closer to their family, suggesting a potential reluctance to move from home to attend a four-year university.

The Transfer Entitlement program is the only Cal Grant program in which new recipients cannot immediately request a leave of absence, pursuant to Education Code Section 69436(b)(10)(A). Students must immediately enroll at an eligible BDGI during the initial award year or the award will be withdrawn. Payment from a BDGI is the method in which the Commission verifies that a student has transferred. Currently, a Transfer Entitlement recipient must be paid at least one term at the BDGI before they are allowed to request a leave of absence (see [Cal Grant Handbook](#), page 69). If a student failed to immediately enroll after being offered a new Transfer Entitlement award, but then returned to a BDGI in the following year, they would be ineligible for a Transfer Entitlement.

PROPOSED SOLUTION

[Senate Bill 1016](#) (Chapter 38, Statutes of 2012), allowed transfer students a one-year gap for students who attended a CCC in 2011-12 (see EDC 69436(b)(10)(B)). This one-year gap allowed an additional **2,280** students to receive a transfer entitlement award offer in the 2013-14 award year.

The Commission proposes a policy change that would allow new Transfer Entitlement Cal Grant awardees to put their award on leave of absence immediately upon award offer so that students impacted by COVID-19 will have the opportunity to return to school with their Transfer Entitlement Award offer intact. The Commission notes that this policy change would not impact overall eligibility criteria for a Cal Grant. Students that would be impacted have already applied and qualified for a Transfer Entitlement award. In terms of the fiscal impact, these students are already accounted for in 2020-21 Cal Grant estimates. This policy change would merely shift costs from 2020-21 to 2021-22 for those students that decided to take a leave of absence. As of July 13th, there were **26,959** new Transfer Entitlement awards offered for the 2020-21 award year.



Similar to SB 1016 in 2012, this policy change may be temporary to limit the fiscal impact. However, the Commission recommends this be a permanent solution so that there is consistency in the leave of absence policy across all Cal Grant programs.

SUPPORT FOR CAL GRANT ELIGIBILITY RELIEF

- Californians for College Affordability [suggests](#) the State “during times of unprecedented crises, students – and particularly those who are most vulnerable and under-resourced – may need to stop out of higher education to find work or care for members of their communities. While some financial aid programs already allow students to put their financial aid awards on hold for a specified period of time, enrollment pauses during COVID-19 affected terms should not reduce recipients’ ability to continue receiving financial aid once they enroll.”
- In consultation with the Commission’s Financial Aid Advisory Board, many members expressed support for and highlighted the need among their own student populations for flexibility in Cal Grant leaves of absence.



SUMMARY OF RECOMMENDATION

Expand the lifetime eligibility of Cal Grant recipients impacted by the COVID-19 crisis to align with federal policy changes providing additional lifetime eligibility for the Pell Grant

RELEVANT STATUTE(S): [EDC 69433.5\(d\)\(1\)](#), [EDC 69433.6](#)

BACKGROUND

A student may receive a Cal Grant A or B award for a total of four years of full-time attendance (or equivalent based on enrollment) in an undergraduate program, with the exception of current/former foster youth receiving a Cal Grant B Foster Youth Award. In effect, this means that each Cal Grant recipient has 400% lifetime eligibility. A Cal Grant recipient that attends full-time for a semester draws down 50% of their eligibility whereas a recipient that attends half-time for a semester draws down 25% of their eligibility.

PROBLEM

The COVID-19 crisis has caused severe interruptions in higher education, forcing many students to withdraw from their studies. When [surveyed](#) in May, nearly a quarter (24.4%) of California college students indicated that they had dropped one or more courses mid-term due to COVID-19 and 15.3% were still unsure about where they would attend in the Fall. Should these students decide to return to higher education and complete their degree, many students' financial aid will be impacted. For many institutions, students are not required to repay their Cal Grant award even after withdrawing from coursework if the census date has already passed. Given the timing of the COVID-19 crisis and subsequent campus closures, many students will have drawn down some of their Cal Grant eligibility despite withdrawing from coursework during the term and/or not completing the term altogether.

The federal [CARES Act](#) permits any term that the student does not complete due to a qualifying emergency (i.e. COVID-19) to be excluded from the limit of 12 terms (6 years) of Pell Grant eligibility [section 3507]. Essentially, this means that if students had to drop out of school for a term due to COVID-19 and already received Pell Grant payment for the term (and are not required to repay it), that term will not be considered against their lifetime Pell Grant eligibility. The U.S. Department of Education has not yet released guidance on how campuses will be required to report on students impacted by COVID-19 for purposes of adjusting their lifetime eligibility for Pell Grants.

POSSIBLE SOLUTION(S)

- (1) Provide **all** Spring 2020 awardees an additional term (50% for semester schools or equivalent) of Cal Grant eligibility. This option acknowledges that likely all students are negatively impacted by COVID-19 in some way. Furthermore, this option would result in a smoother implementation process for the Commission and institutions because it would be universally applied to all recipients and would be easier to message to students.
 - a. As of July 22nd, **326,466** students received a Cal Grant A or B payment during the Spring 2020 term.
- (2) Provide an additional term of Cal Grant eligibility only to those students who have recently exhausted their Cal Grant eligibility.
 - a. There are **51,326** students that received a Cal Grant A or B payment during the Spring 2020 term and now have less than 10% Cal Grant eligibility left (the threshold for renewing the Cal Grant in the following term).
 - b. There are approximately **18,000** students that received a payment at any time during the 2019-20 award year, who may run out of eligibility in the Summer 2020 or Fall 2020 terms.



- (3) Allow institutions to appeal, on behalf of a student who has exhausted their Cal Grant eligibility as of Spring 2020, to restore up to one term of a student's Cal Grant eligibility for students impacted negatively by COVID-19. This option prioritizes students that have already run out of Cal Grant eligibility so they can finish their degree and limits the potential pool of eligible students thereby constraining costs.

ADDITIONAL CONSIDERATIONS

- Adjusting state requirements to provide greater flexibility on Cal Grant lifetime eligibility for students impacted by COVID-19 could help more students take advantage of the parallel extension of Pell Grant eligibility made by the CARES Act. This would be particularly important for students who might have exhausted their Cal Grant eligibility in Spring 2020 and were on the precipice of completing an academic program.
- The Commission does not have existing data sets that would allow us to easily identify students that received Cal Grant payment and subsequently withdrew from the term. This may require coordination with the institutions and/or an appeals process whereby institutions could appeal to restore a portion of a student's Cal Grant eligibility due to disruption from the COVID-19 crisis. This consideration is why Option 1 would result in smoother and timelier implementation.
- The ongoing fiscal impact of this potential legislation would be challenging to estimate as the Commission does not have a way to easily identify the students that were severely impacted by the COVID-19 crisis in this manner. As a means of restraining costs, policymakers might consider limiting the extension of lifetime eligibility only to students at immediate risk of running out of eligibility in Spring or Fall 2020 or students in such a situation who then seek relief provided by this adjustment.

SUPPORT FOR CAL GRANT ELIGIBILITY RELIEF

- The California Association of Student Financial Aid Administrators in a [letter](#) to the Commission suggested we “exclude the current payment period from the Cal Grant four year duration limits, which will also align with the Department of Education guidelines for federal programs.”
- The Education Trust-West [recommends](#) “allow institutions to exclude terms impacted by COVID-19 in the calculation of a student's ... ongoing Cal Grant eligibility.”
- Californians for College Affordability [suggests](#), “in line with federal CARES Act provisions that exempt incomplete terms against lifetime limits for federal aid programs, state and institutions financial aid awards received during an incomplete term during the COVID-10 crisis should not count against students' lifetime aid limits.”
- In consultation with the Commission's Financial Aid Advisory Board, many members expressed support for flexibility in Cal Grant lifetime eligibility, especially considering the flexibility provided for Pell Grants at the federal level.