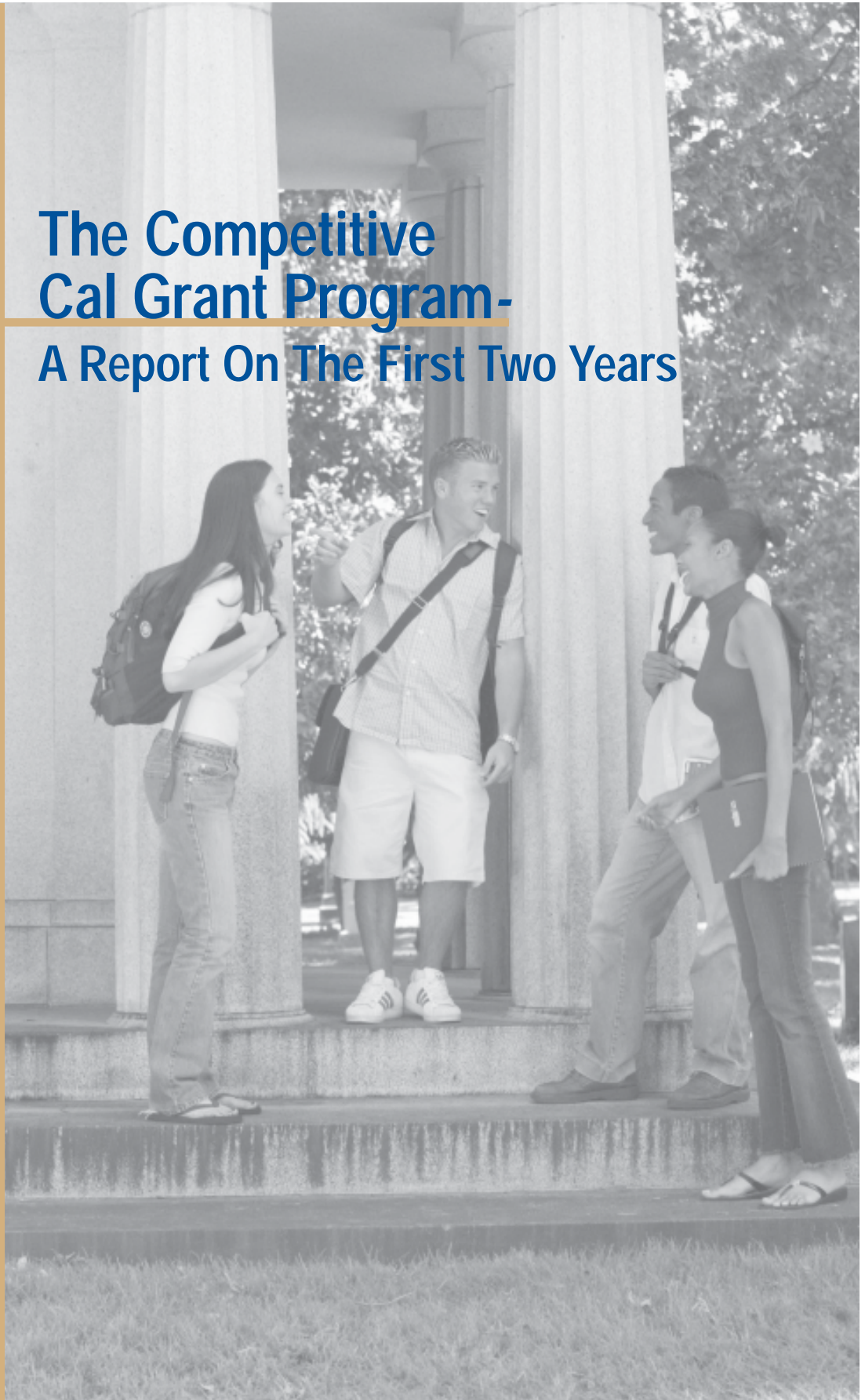




CALIFORNIA  
STUDENT AID  
COMMISSION

# The Competitive Cal Grant Program-

## A Report On The First Two Years



2001-02  
2002-03

January 2004



CALIFORNIA  
STUDENT AID  
COMMISSION

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Honorable Governor Schwarzenegger  
and  
Honorable Members of the Legislature:

On behalf of the California Student Aid Commission (Commission), I am pleased to submit the Commission's report, (pursuant to California Education Code Section 69437.7), on the results of the first two years of the new Competitive Cal Grant Program that was established in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act (SB 1644, Chapter 403, Statutes of 2000).

On September 11, 2000, the Legislature and the Administration took an enormous step toward improving the opportunities available to California students by removing the financial barriers that could hinder the attainment of a postsecondary education. With the enactment of SB 1644, California expanded its 49-year-old competitive Cal Grant Program through a two-tiered approach that: a) guarantees a grant to graduating high school seniors and specified transfer students who meet program eligibility requirements; and b) provides 22,500 Competitive Cal Grant awards to students who do not qualify for the guaranteed grants.

The Legislature clearly set long-term financial aid policy goals in SB 1644 by stating, "A cornerstone of the Master Plan [California's Master Plan for Higher Education] was a promise that the state would ensure all qualified students access to a quality higher education. The drafters of the Master Plan reaffirmed a long established principle that the state colleges and the University of California be tuition free to all residents of the state. Over the past four decades this policy evolved into a promise of affordability for all qualified students using a balance of fees and financial aid for low-income students."

The enclosed report summarizes the quantitative results of the first two years of the Competitive Cal Grant Program. As you will see, the number of Competitive Cal Grant awards is capped and has been fully subscribed. The most significant finding is that the number of students who applied for and met all eligibility requirements for the 2002-03 Competitive Cal Grant awards exceeded 130,000 students. One in six of these qualified students received one of the 22,500 available awards. In contrast, through the Entitlement Program, since the enactment of SB 1644, the number of high school graduates receiving Cal Grant awards has doubled – from approximately 30,000 in 1999-2000 to 60,000 in 2002-2003.

Recent employment research has documented that at least two years of postsecondary education is necessary to obtain a self-sufficient wage. California would benefit from providing the financial resources to late-entry students that will enable them to pursue a postsecondary education.

As the Legislature deliberates over financial aid delivery issues, how to continue to provide financial resources to late-entry students, and how to meet the costs of postsecondary education in the future, one issue not covered by this report but requiring further review is the interaction between Cal Grants and institutional aid. A more complete description of the financial aid picture could be achieved if data on institutional aid were readily accessible for analysis.

The Commission is proud to be a part of the education of California's postsecondary students through the Competitive Cal Grant Program and will continue to work towards ensuring that education beyond high school is financially accessible for all Californians.

Sincerely,



Diana Fuentes-Michel  
Executive Director



## EXECUTIVE SUMMARY

On September 11, 2000, the Legislature and the Administration took an enormous step toward improving the opportunities available to California students by removing the financial barriers that could hinder the attainment of a postsecondary education. With the enactment of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act (SB 1644, Chapter 403, Statutes of 2000), California modified the existing Cal Grant Program into a two-tiered approach that a) guarantees an Entitlement grant to graduating high school seniors and specified transfer students who meet the program eligibility requirements; and b) provides 22,500 Competitive Cal Grant awards to students who do not qualify for an Entitlement grant. This report summarizes the quantitative results of the first two years of the Competitive Cal Grant Program.

- ◆ The Commission conducts two award competitions each year. The March Competition provides 11,250 awards to students, regardless of segment. The September Competition, which also provides 11,250 awards, is reserved for students attending a California Community College.
- ◆ In 2001-02, the first year of the program, 98,532 applicants met all eligibility criteria for a Cal Grant award. Of the qualified applicants, 22,500, or about 23 percent, received Competitive Cal Grant awards. In 2002-03, the number of eligible applicants increased by over 31,000 students, or 32 percent.

### Age of Recipients

- ◆ In 2001-02, 61 percent of the Competitive Cal Grant recipients were under 25 years of age – a younger than anticipated recipient pool. After consultation with segmental representatives, the Commission adjusted the selection criteria to allow extra consideration for older, late-entry students. In 2002-03, 35 percent of the Competitive Cal Grant recipients were under 25 years of age.

### Income of Recipients

- ◆ In 2001-02, the majority (81 percent) of the Competitive Cal Grant recipients were from families with annual incomes below \$24,000. In 2002-03, 84 percent of new recipients had incomes under \$24,000.

### GPA of Recipients

- ◆ In 2001-02, just over 65 percent of recipients had a GPA of 3.00 or higher. In 2002-03, that number increased to 74 percent.

It is too soon to determine if the new program is “successful.” It will take several more years of careful observation and evaluation before the Commission will have sufficient data and experience with the Competitive Cal Grant Program to make claims of success. It is clear that the State’s current commitment of 22,500 awards for the Competitive Cal Grant Program is insufficient to meet the needs of California’s older, late-entry students. At this time, only one out of six eligible applicants will receive an award.

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**SECTION I**  
**INTRODUCTION**



# **The California Student Aid Commission**

## **A Brief History**

The California Student Aid Commission (Commission) is the state's principal provider of intersegmental statewide grant aid to postsecondary students. Founded in 1955 as the California State Scholarship Commission, the Commission is now a highly complex financial aid organization that will award approximately \$700 million directly to students through Cal Grants and loan assumption programs in 2004-05. EDFUND, the Commission's non-profit auxiliary agency, will guarantee over \$6 billion in federal student loans.

The Commission consists of 15 appointed members. Eleven members are appointed by the Governor and represent segments of the State's higher education community, postsecondary education students, and the general public. In addition, the Speaker of the Assembly and the Senate Rules Committee each appoint two Commission members as representatives of the general public.

In its policy decision-making, the Commission receives advice and recommendations from its staff; its advisory committees, including the Grant Advisory Committee, and the Loan Advisory Council; the EDFUND Board, and ad hoc committees comprised of individuals that represent colleges and universities, secondary schools, student groups, the business community, lending institutions, and various levels of government. The Commission's strong tradition of public participation stems from its commitment to continuous improvement and responsiveness in the development and delivery of its financial aid programs and services.

## **The Competitive Cal Grant Program**

On September 11, 2000, Governor Gray Davis signed the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act (SB1644, Chapter 403, Statutes of 2000) into law. This historic bill transformed the previous Cal Grant A and B programs into the Entitlement Cal Grant A and B and Competitive Cal Grant A and B programs and retained the existing Cal Grant C and T programs. As with the original Cal Grant Program, a student must submit a Free Application for Federal Student Aid (FAFSA) and a Cal Grant Grade Point Average (GPA) verification form by the deadlines set by the Commission to be considered for a Competitive Cal Grant award.

The enabling legislation for the new Competitive Cal Grant Program established two separate award deadlines: March 2<sup>nd</sup> and September 2<sup>nd</sup>. The September deadline allows students who decide to apply for financial aid after March 2<sup>nd</sup> to compete for a California Community College Competitive Cal Grant award. Each Competition has 11,250 authorized awards and both offer Cal Grant A or Cal Grant B. The major difference is that to be eligible for the September Competition, a student must be currently enrolled in a California Community College for the Fall term.

## Legislative Reporting

In the summer of 2000, then Governor Gray Davis and the Legislative leadership of both houses negotiated the expansion of the Cal Grant Program with the passage of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act (SB 1644, Chapter 403, Statutes of 2000). This negotiation focused on how California would serve its growing high school graduate population. All high school students who meet the financial and academic requirements established in law are entitled to a Cal Grant award. Those students who are enrolled in postsecondary education institutions and beyond high school graduation are able to compete for a Cal Grant award through the Competitive Cal Grant Program. The legislation required that this program be evaluated after two years. Specifically, the legislation called for the Commission to do the following:

### **The California Education Code Section 69437.7**

“After two award cycles, the commission shall review the competitive grant program and its priorities to gain a better understanding of early participation patterns and to determine the initial level of program effectiveness. The commission shall report these findings to the Legislature and the Governor by December 31, 2003, and each year thereafter.”

### **Section 8 of Senate Bill 1644 (Chapter 403, Statutes of 2000)**

“The Student Aid Commission shall annually report to the Legislature and the Governor on the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program from its inception on both of the following:

- (a) The number of Cal Grant applicants and new and continuing recipients each year. This data shall include at a minimum the following information about recipients: educational level, grade point average, segment of attendance, number of community college transfer students.
- (b) A longitudinal component that measures student persistence and graduation rates over time.”

Furthermore, the California Education Code Section 69514 requires that:

The Commission shall “report, on or before April 1 of each year, statistical data examining the impact and effectiveness of state-funded programs. The commission shall utilize common criteria in determining the impact of these programs and shall have the authority to obtain any data from postsecondary educational institutions necessary for the reports.”

## Methodology

The Cal Grant applicant and recipient data were generated using year-end data for the 2001-02 and 2002-03 award years. Commission staff created programs to compile data to describe and compare applicants, recipients, and eligible non-recipients from several perspectives.

The Commission publishes a number of program-related reports annually. However, the pre-SB 1644 reports and data are not directly comparable to this and future Competitive Cal Grant Program reports. Changes in program criteria and structure make comparisons difficult. Thus, 2001-02 is the baseline for the new Competitive Cal Grant Program. This report explores the results of the first two years, but cannot be used to effectively predict student behavior and program effectiveness. With each passing year, this report will become an extremely useful tool in the development of financial aid policy in California.

**SECTION II**  
**THE APPLICATION PROCESS**



## **It Just Takes Two!**

The Competitive Cal Grant application process requires that students complete and submit two forms: 1) a Free Application for Federal Student Aid (FAFSA) and 2) a Cal Grant Grade Point Average (GPA) verification form by the March 2<sup>nd</sup> and/or September 2<sup>nd</sup> deadlines. Applicants who meet certain criteria may submit a test score (GED, SAT, or ACT) in lieu of a GPA.

### **Free Application for Federal Student Aid (FAFSA)**

The FAFSA is the core application required to assist in determining financial eligibility for all federal, as well as many state and institutional, grant and loan programs. Students complete an Internet version of the FAFSA or submit a paper application to the federal government's central processor. Federal methodology prescribed by Congress is used to determine an applicant's "Expected Family Contribution (EFC). The EFC is based on income, assets, family size and other factors derived from the FAFSA application. The EFC is the amount of money that the student and parent(s) of a dependent student can reasonably be expected to contribute toward the student's education.

The Commission receives this federal application data in an electronic format directly from the federal processor once the applicant's identity has been authenticated through a match with the Social Security Administration, the Department of Veteran's Affairs, and the Department of Homeland Security (formerly the Immigration and Naturalization Service). The federal processor sends data for any student who is a California resident and/or a nonresident who lists a California postsecondary institution on their application.

### **Cal Grant Grade Point Average (GPA) Verification Form**

California Education Code Section 69432.9(c) requires students to submit a verified Cal Grant GPA for consideration in the Commission's Cal Grant program. Students work directly with their schools to ensure that a verified GPA is submitted by the application deadline. High school and postsecondary institution administrators may report individual or large volume GPA verifications through the Commission's secure web-enabled site or via individual reporting on optical-marked Scantron forms.

## How Applications Are Processed

After receiving FAFSA records from the federal central processor, the Commission compares each FAFSA record to the Commission's database to determine if an applicant's record is already on file and is receiving an award. If not, then the record is matched to the Commission's database of Cal Grant GPA verifications received for the forthcoming competition.

Applicants with both a FAFSA and a verified GPA on file have new electronic records established in the database which then undergo an intensive automated evaluation. This sequential evaluation is often referred to as the "edit" process. The "edits" are often categorized in broad categories known by the following terms: "Common Edits", "Program Edits," and "Financial Edits." Applicants must meet all of the edits to remain in the applicant pool.

### Common Edits

Common edits evaluate the applications for overall Cal Grant eligibility. Applicants must:

- Be California residents
- Be U.S. citizens or eligible non-citizens
- Meet U.S. Selective Service requirements
- Not have a baccalaureate or first professional degree
- Attend a qualifying California postsecondary institution
- Not be in default on any student loan
- Not owe any federal or state grant refund

### Program Edits

An applicant's record then is reviewed on the basis of "program edits" to identify the most likely program for which an applicant may be eligible to receive further evaluation, such as a Cal Grant A or Cal Grant B. These edits include:

- Eligible school
- Grade Point Average (at least 2.0 for Cal Grant B and 3.0 for Cal Grant A)
- Remaining eligibility for the program (has not used four years of Cal Grant benefits)

At this point in the process, Competitive Cal Grant applicants who do not satisfy the common edits or program edits are flagged as ineligible and are sent a letter notifying them that they are ineligible and the reasons why.

### Financial Edits

Applicants are next evaluated to determine if they meet the income and asset standards, and then reviewed to determine whether they have sufficient financial need. These filters are described below:

1. *Income Ceilings* – Income ceilings are established and adjusted annually using the change in the California per capita income as specified in California Education Code Section 69432.7(k). Parental income is used for dependent applicants and student income is used for independent students.



2. *Asset Ceilings* - asset ceilings are established and adjusted annually using the change in the California per capita income as specified in California Education Code Section 69432.7(k). Home equity is not a factor in determining assets.
3. *Financial Need* – California Education Code Section 69432.9(b)(2) defines “financial need” as the difference between the student’s cost of attendance as determined by the Commission and the “expected family contribution”. Because the Cal Grant program uses federal methodology as the basis of determining financial need, federal exclusions to reported income such as veteran’s benefits and federal work study are observed.
4. *Unmet Need* – Per California Education Code Section 69432.9(b)(3)(A), the minimum financial need required for receipt of an initial Cal Grant A or Cal Grant C award shall be not less than the maximum annual award value for the applicable institution, plus an additional one thousand five hundred dollars (\$1,500) of financial need. California Education Code Section 69432.9(b)(3)(B) sets the minimum financial need required for a Cal Grant B award at seven hundred dollars (\$700).

Applicants who meet all of the common edits, program edits, and financial edits move next into the scoring phase. Those applicants who do not pass the four financial edits are filtered out and notified of their status.

### **Selection Criteria**

The Competitive Cal Grant Program is limited to 22,500 grants. Since the pool of eligible applicants far exceeds the limit, the Commission must prioritize or rank each applicant on like criteria. California Education Code Section 69437(c)(1) requires the Commission to establish selection criteria for Competitive Cal Grant A and B awards that give special consideration to disadvantaged students, taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper a student’s access to, and ability to persist in, postsecondary education programs.

The Commission has always used a scoring system for the Cal Grant B program to evaluate the socio-economic status of each eligible applicant. The Commission’s Grant Advisory Committee established a workgroup to review the existing Cal Grant B scoring system and, based on the workgroup’s findings, the Commission decided to leave a 100-point scoring system in place for the first year of the Competitive Cal Grant A and B Program to better assess the effect of the new legislation. However, minor changes were made to the distribution of points for GPA for the first year. The resulting recipient pool for 2001-02 favored younger students somewhat disproportionately in the overall recipient pool.

In 2002-03, the Commission modified the scoring system again. Scores were based on a 200-point system that included “access equalizer” points, which considered the high school the applicant attended and the number of years since the applicant attended high school. Access equalizer points were awarded for students submitting a GED test score or with GPAs submitted from one of the following:

1. A continuation high school; or
2. A high school in the upper quartile of free or reduced lunch program; or
3. A high school in the lowest quartile of university-going rate, excluding those high schools having no reported university-going rate and those having a free or reduced lunch rate of less than 25 percent.

In the other component of the “access equalizer,” applicants who have been out of high school for two to three years receive up to nine points while applicants who have been out of school for

eight or more years may receive up to eighteen points. The maximum points for the scoring for each year are displayed in the following table.

SCORING CATEGORIES	Maximum Points	
	2001-02	2002-03
Grade Point Average (GPA)	35	70
Parents' Educational Level (Mother and Father)	18	18
Student or Parent Household Status	9	18
Family Income and Household Size	38	76
Access Equalizer	-	18
<b>Maximum Total points</b>	<b>100</b>	<b>200</b>

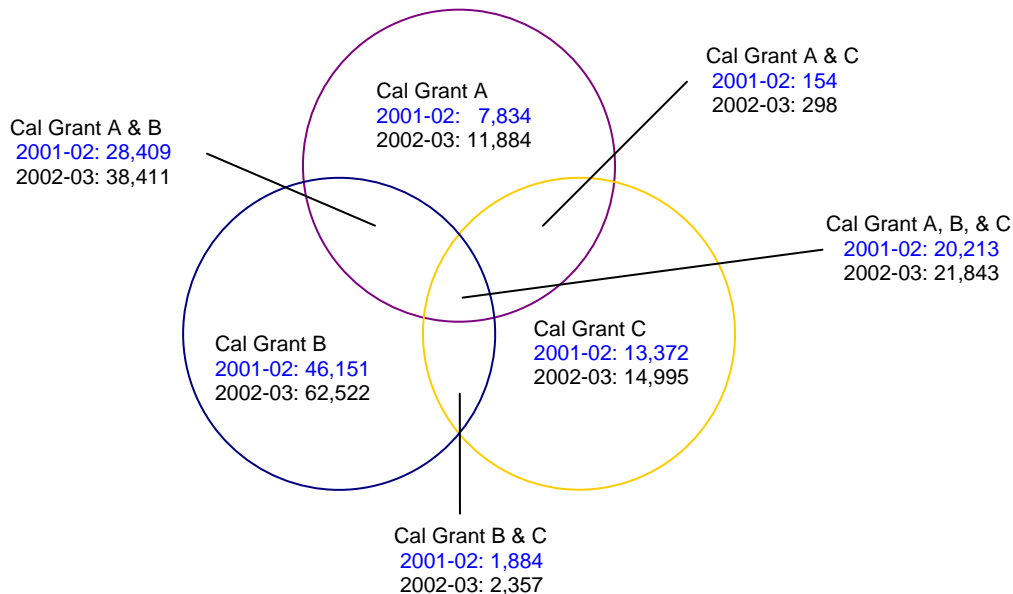
To establish and set a “cutoff” score of students who will receive a Competitive Cal Grant A or Cal Grant B award, the Commission sets the score at a number that is closest to the 11,250 awards authorized for each competition.

Students who scored above or within the cutoff score are awarded and notified of their Cal Grant eligibility. Those students who fell below the cutoff score are informed of their status and are considered eligible non-recipients.

### Eligible Applicants

The following Venn diagram displays the number of eligible applicants for the March and September Competitions, by Cal Grant program (Cal Grant A, B, and C) and by award year. Applicants who meet the eligibility criteria for more than one Cal Grant program are referred to as “overlap” applicants. For instance, in both 2001-02 and 2002-03, more than 20,000 students met the 3.0 merit requirement needed for a Cal Grant A, were from a very low-income family and so qualified for a Cal Grant B, and also met the course of study requirements for a Cal Grant C. Recipients are placed in the program that will give them the best financial benefit.

**Display 1: Competitive Cal Grant Eligibility Pool**



**SECTION III**  
**AWARD RECIPIENTS**



## **Competitive Cal Grant Awards**

California Education Code Section 69437(b) authorizes the Commission to grant 22,500 Competitive Cal Grant A and B awards each academic year. One-half of the awards are distributed during the March Competition and the remaining awards are distributed during the September Competition.

All eligible applicants are ranked by the score generated by the selection criteria and sorted in descending order. Beginning with those in the 200-point cohort, applicants are selected within each cohort until all of the awards are allocated. Occasionally, the Commission needs to under-award because including the next cohort would result in more than 11,250 awards offered.

California Education Code Section 69437(b)(3) stipulates that the Commission shall make any awards not distributed during the initial allocation to as many eligible applicants as possible, without exceeding an annual cumulative total of 22,500 awards. It also specifies that the undistributed awards shall be offered to eligible applicants with the lowest expected family contribution and highest academic merit.

### **March Competition**

In the 2001-02 March Competition, the Commission granted 11,237 new Competitive Cal Grant awards. In the 2002-03 March Competition, the Commission offered 12,205 new Competitive Cal Grant awards with the expectation that the number of awards funded would not exceed 11,250. The next few sections provide a glimpse at the March Competitive Cal Grant A and B recipients and any changes that occurred between the first and second year.

#### **Recipients by Program**

Prior to SB 1644, the number of Cal Grant A and B awards were divided evenly between the two programs. With the enactment of SB 1644, the majority of March Competitive Cal Grant recipients now receive a Cal Grant B. Over time, the Cal Grant B award offers a greater financial benefit to the student.

In both 2001-02 and 2002-03, over 90 percent of the March Competitive recipients received a Cal Grant B.

## Recipients by Segment

When the Cal Grant programs were first created, the goals were to provide access to higher education and to provide a choice of college to students who might otherwise not have such an opportunity. The Cal Grant programs “look” different after SB 1644, but the commitment to both access and choice remains unchanged. The portability of the Cal Grant supports the State’s long-standing commitment to access and choice to California’s most disadvantaged students. It provides a way to choose an institution best suited to the student, not just what the student initially might think s/he can afford. As a result, Cal Grant awards are offered to students attending all types of Cal Grant eligible postsecondary institutions: the California Community Colleges (CCC), the University of California (UC), the California State University (CSU), as well as a large variety of non-profit and for-profit institutions.

**Figure 1: Segmental Distribution of March Competitive Recipients**

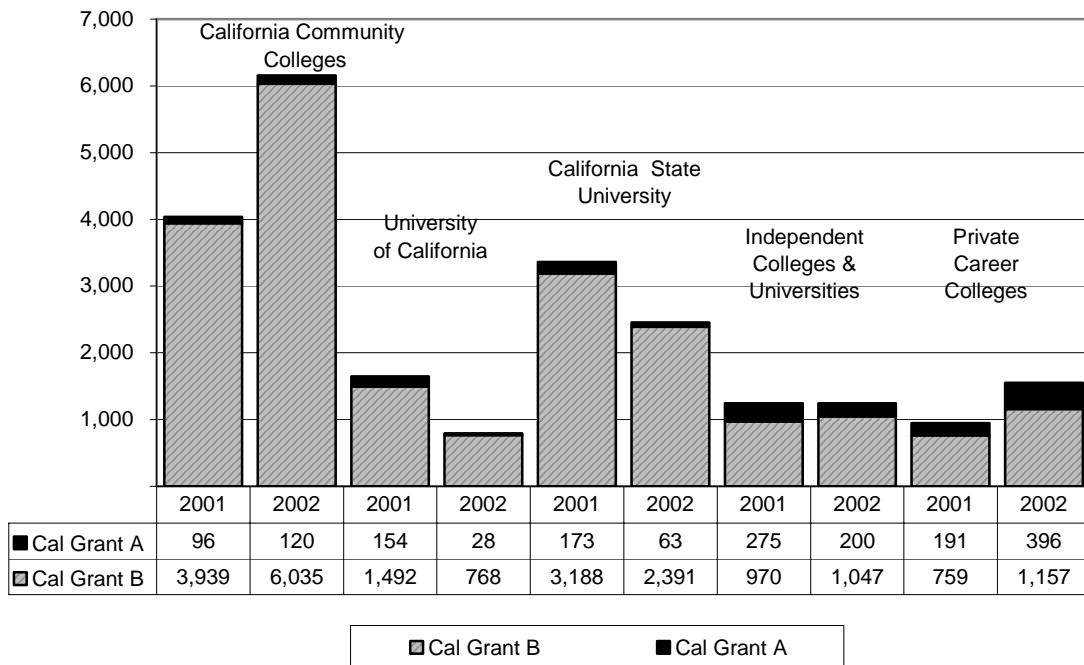


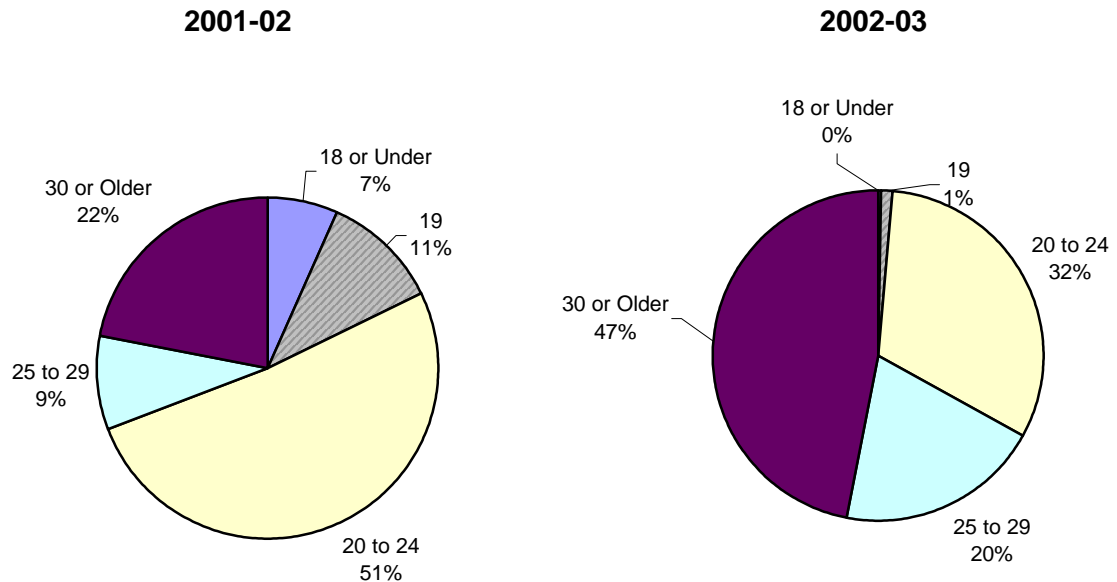
Figure 1 illustrates the segmental distribution of new recipients from the March Competition for the first two years of the Competitive Cal Grant Program<sup>1</sup>. In 2001-02, just over one-third of the recipients indicated that they would attend a California Community College (CCC). In 2002-03, the CCC share rose to 50 percent. The number of recipients listing the University of California and the California State University dropped between the first and second years while students at independent colleges and universities stayed fairly static, and the number at private career colleges increased.

<sup>1</sup> This is calculated using the first eligible Cal Grant participating institution listed on the financial aid application (FAFSA).

## Recipients by Age

A dependent student is under 24 years old, unmarried, is not a veteran, and does not have dependents. With the enactment of SB 1644, it was expected that a large percentage of eligible dependent students would receive Entitlement awards due to their age. Dependent students who were not recent high school graduates and independent students who do not qualify for the Entitlement awards would compete for a Competitive Cal Grant award. In 2001-02, dependent students were over-represented in the recipient pool when compared with the rest of the eligible pool. In order to correct an unintended bias, the Commission and its Grant Advisory Committee re-defined the selection criteria (described in Section II). Figure 2 shows the dramatic effect those changes had on the age group characteristics in 2002-03.

**Figure 2: Age Distribution of March Competitive Recipients**

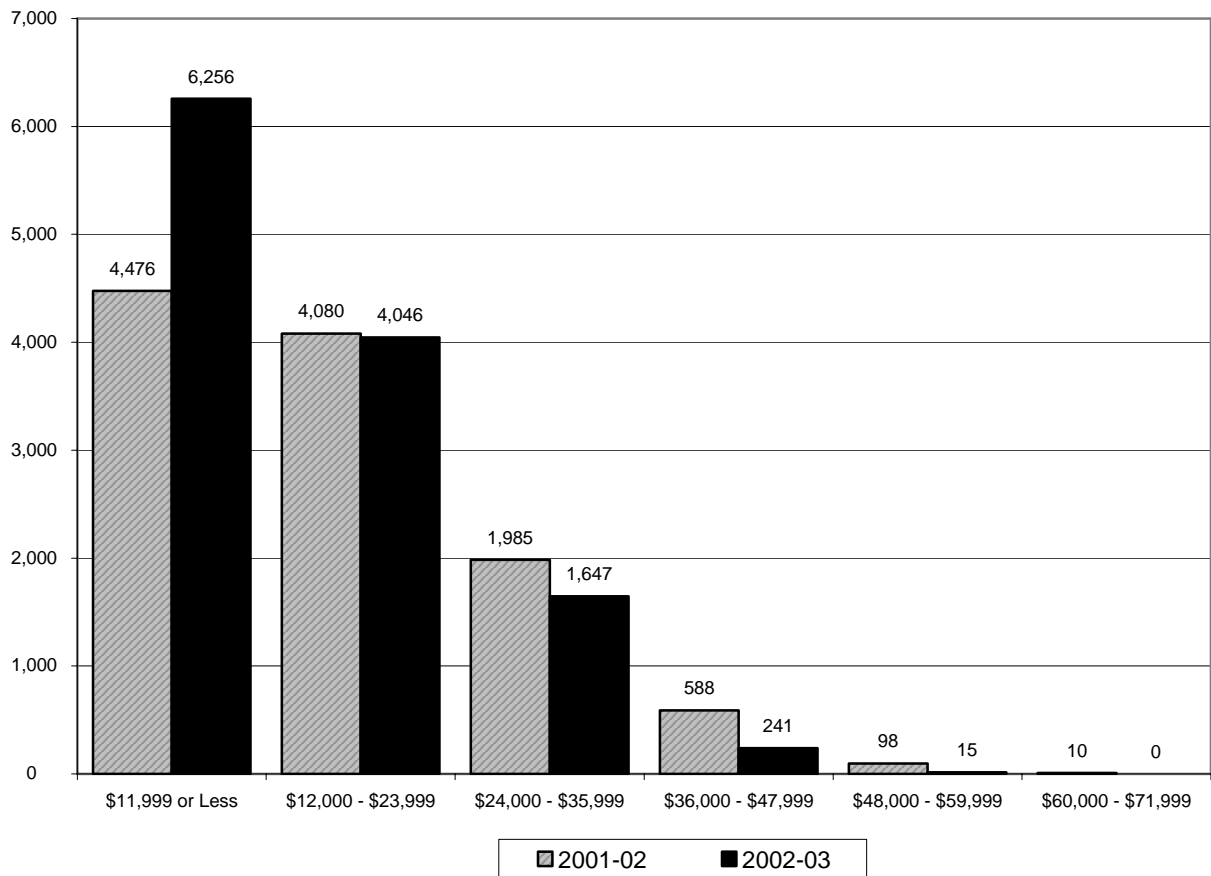


## Recipients by Income

The Commission receives income data from FAFSA records provided by the federal processor. Parent income is evaluated for dependent students and student (and spouse, if applicable) income is evaluated for independent students. In 2001-02, among new recipients of March Competitive Cal Grant awards, 4,476 students (or 40 percent) were from families with incomes below \$12,000. The incomes of 4,080 new recipients (or 36 percent) varied between \$12,000 and \$23,999. A fair number of new recipients, 1,985 (or 18 percent) had incomes between \$24,000 and \$35,999, while 696 new recipients (or six percent) had incomes of \$36,000 or more.

In 2002-03, the predominant number of new awards, 6,256 (or 51 percent) went to students from families with incomes below \$12,000. Consequently, the percent of new recipients with incomes between \$12,000 and \$23,999 decreased slightly, from 36 percent in 2001-02 to 33 percent in 2002-03. Likewise, the percent of new recipients with incomes between \$24,000 and \$35,999 decreased somewhat in 2002-03 from 18 to 14 percent. Only two percent of new recipients were from families with incomes of \$36,000 or more (See Figure 3).

**Figure 3: Income Distribution of March Competitive Recipients**



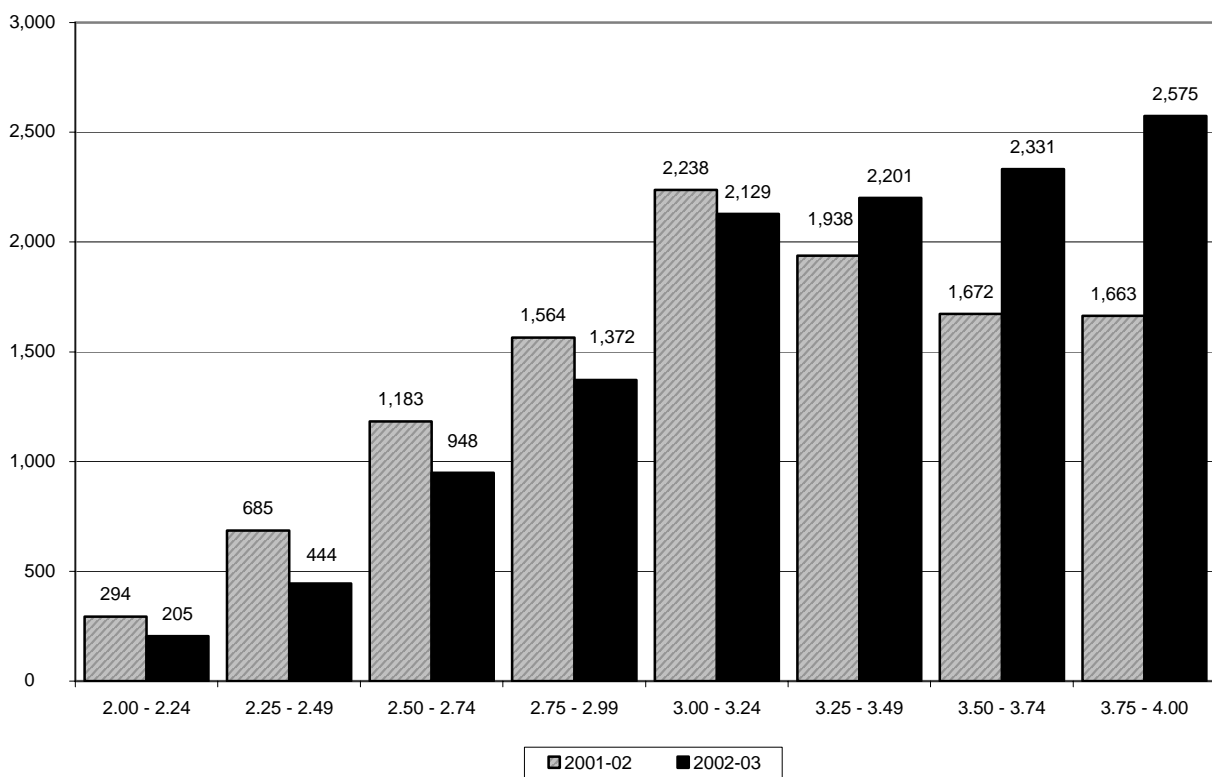


## Recipients by Grade Point Average (GPA)

The academic performance of new Competitive Cal Grant recipients was measured by either a college GPA, high school GPA, or a test score (GED, SAT, or ACT). In 2001-02, 7,511 (or 67 percent) recipients had a GPA of 3.00 or higher and nine percent had a GPA below 2.50.

Figure 4 illustrates the shift in the academic achievement of new recipients during the second year of the Competitive Cal Grant Program. In 2002-03, 9,236 recipients (or 76 percent) had a GPA of 3.00 or higher. The number of recipients with a GPA below 2.50 dropped to five percent.

**Figure 4: GPA Distribution of March Competitive Recipients**



## Participation Patterns

SB 1644 required that after two award cycles the Commission review the Competitive Cal Grant Award Program to gain a better understanding of early participation patterns. For this report, the Commission looked at the number of Competitive Cal Grant recipients for whom at least one payment transaction was reported to and reconciled by the Commission (paid) against the number of recipients who were offered an award. The payment transaction may have occurred during the year the applicant was offered a Cal Grant award, for a subsequent year, or for both years. Table 1 provides information about the 2001-02 March Competitive recipients who were paid in their first and/or second year(s) in the Competitive Cal Grant Program. Table 2 provides information about the 2002-03 March Competitive recipients who were paid in their first year in the Competitive Cal Grant Program.

## The First Year (2001-02 March Competition)

Overall, in 2001-02, 71 percent of the Cal Grant A recipients and 81 percent of the Cal Grant B recipients were paid during their first year in the Competitive Cal Grant Program. Also, 53 percent of Cal Grant A recipients and 51 percent of Cal Grant B recipients were paid during their second year in the Competitive Cal Grant Program.

**Table 1**  
**2001-02 March Competitive Recipients Paid in 2001-02 and 2002-03**  
**by Educational Level**

	2001-02 Offers		Paid in 2001-02			Paid in 2002-03		
	#	%	#	%	% Paid	#	%	% Paid
<b>Cal Grant A</b>								
Freshman	422	3.8%	293	3.2%	69%	212	3.7%	50%
Sophomore	165	1.5%	101	1.1%	61%	94	1.6%	57%
Junior	233	2.1%	186	2.1%	80%	153	2.7%	66%
Senior	69	0.6%	51	0.6%	74%	8	0.1%	12%
<b>Total</b>	889	7.9%	631	7.0%	71%	467	8.2%	53%
<b>Cal Grant B</b>								
Freshman	2,006	17.9%	1,427	15.8%	71%	1,034	18.1%	52%
Sophomore	2,972	26.4%	2,460	27.2%	83%	1,655	29.0%	56%
Junior	3,549	31.6%	3,020	33.4%	85%	2,163	38.0%	61%
Senior	1,821	16.2%	1,504	16.6%	83%	379	6.7%	21%
<b>Total</b>	10,348	92.1%	8,411	93.0%	81%	5,231	91.8%	51%
<b>Cal Grant A &amp; B</b>								
Freshman	2,428	21.6%	1,720	19.0%	71%	1,246	21.9%	51%
Sophomore	3,137	27.9%	2,561	28.3%	82%	1,749	30.7%	56%
Junior	3,782	33.7%	3,206	35.5%	85%	2,316	40.6%	61%
Senior	1,890	16.8%	1,555	17.2%	82%	387	6.8%	20%
<b>Total</b>	11,237	100.0%	9,042	100.0%	80%	5,698	100.0%	51%

Notes for Tables 1 and 2:

1. Source of the educational level is the self-reported grade level the student indicates on the Free Application for Federal Student Aid (FAFSA).
2. "2001-02 Offers" reflect the number of competitive recipients notified as of December 31, 2001.
3. "2002-03 Offers" reflect the number of competitive recipients notified as of December 31, 2002.
4. "Paid in 2001-02" reflects those recipients for whom at least one payment transaction was reported and reconciled as of December 31, 2002.
5. "Paid in 2002-03" reflects those recipients for whom at least one payment transaction was reported and reconciled as of December 31, 2003.
6. Paid data excludes Cal Grant A Reserve awards because they have no monetary value at a California Community College.

## The Second Year (2002-03 March Competition)

In 2002-03, 69 percent of the Cal Grant A recipients and 80 percent of the Cal Grant B recipients were paid during their first year in the Competitive Cal Grant Program.

**Table 2**  
**2002-03 March Competitive Recipients Paid in 2002-03**  
**by Educational Level**

	2002-03 Offers		Paid in 2002-03		
	#	%	#	%	% Paid
<b>Cal Grant A</b>					
Freshman	433	3.5%	304	3.2%	70%
Sophomore	185	1.5%	107	1.1%	58%
Junior	124	1.0%	108	1.1%	87%
Senior	65	0.5%	39	0.4%	60%
<b>Total</b>	807	6.6%	558	5.8%	69%
<b>Cal Grant B</b>					
Freshman	2,158	17.7%	1,554	16.1%	72%
Sophomore	4,269	35.0%	3,436	35.6%	80%
Junior	2,713	22.2%	2,296	23.8%	85%
Senior	2,258	18.5%	1,801	18.7%	80%
<b>Total</b>	11,398	93.4%	9,087	94.2%	80%
<b>Cal Grant A &amp; B</b>					
Freshman	2,591	21.2%	1,858	19.3%	72%
Sophomore	4,454	36.5%	3,543	36.7%	80%
Junior	2,837	23.2%	2,404	24.9%	85%
Senior	2,323	19.0%	1,840	19.1%	79%
<b>Total</b>	12,205	100.0%	9,645	100.0%	79%

Notes for Table 2 are listed under Table 1.

## Participation Patterns by Educational Level

Tables 1 and 2 look at the Competitive Cal Grant recipients by educational level. The educational level is the self-reported grade level the recipient indicates on the FAFSA. For 2001-02 and 2002-03, Cal Grant A and B, and all educational levels, there seems to be very little difference in the number of recipients paid in the Competitive Cal Grant Program.

## Typical Recipients

Table 3 illustrates the characteristics of the “typical” new recipient for the first two years of the Competitive Cal Grant A and B Program. This data demonstrates that the Commission has, in fact, implemented the legislative intent of the revised program. Awards have been offered to students who demonstrate merit along with severe family income constraints, as well as reaching older, late-entry students who do not have access to the Entitlement Program. The age and income characteristics are very revealing and reinforce the need to continue supporting this student population. The GPAs earned by these students demonstrate excellent potential for success in achieving their educational goals.

**Table 3  
The Typical New Competitive Cal Grant A and B Recipients**

Award Year	Program	Competition		
		March	September	Total
2001-02	<b>Cal Grant A recipients</b>	889	237	1,126
	Average income	\$32,285	\$37,669	\$33,419
	Average GPA	3.52	3.59	3.54
	Average family size	4.0	3.5	3.9
	Average age	24	31	25
	<b>Cal Grant B recipients</b>	10,348	11,026	21,374
	Average income	\$14,868	\$13,619	\$14,224
	Average GPA	3.16	3.14	3.15
	Average family size	3.8	3.3	3.6
	Average age	26	28	27
	<b>Cal Grant A &amp; B recipients</b>	11,237	11,263	22,500
	Average income	\$16,246	\$14,125	\$15,184
Average GPA	3.19	3.14	3.17	
Average family size	3.8	3.4	3.6	
Average age	25	28	27	
2002-03	<b>Cal Grant A recipients</b>	807	310	1,117
	Average income	\$26,005	\$36,513	\$28,921
	Average GPA	3.58	3.61	3.59
	Average family size	3.0	3.3	3.1
	Average age	31	33	32
	<b>Cal Grant B recipients</b>	11,398	11,363	22,761
	Average income	\$12,156	\$13,562	\$12,858
	Average GPA	3.29	3.26	3.28
	Average family size	2.9	3.1	3.0
	Average age	31	30	31
	<b>Cal Grant A &amp; B recipients</b>	12,205	11,673	23,878
	Average income	\$13,072	\$14,172	\$13,610
Average GPA	3.31	3.27	3.29	
Average family size	2.9	3.1	3.0	
Average age	31	31	31	

## September Competition

Prior to SB 1644, the Cal Grant B program required that a majority of all Cal Grant B awards be given to students planning to attend a California Community College. SB 1644 demonstrated a continued financial commitment to community college students, and in particular, those disadvantaged students who make late enrollment decisions, by establishing a second Competition with a filing deadline of September 2 each year. Only students enrolled in a California Community College for the Fall term are eligible to receive one of the 11,250 set aside awards.

### Recipients by Program

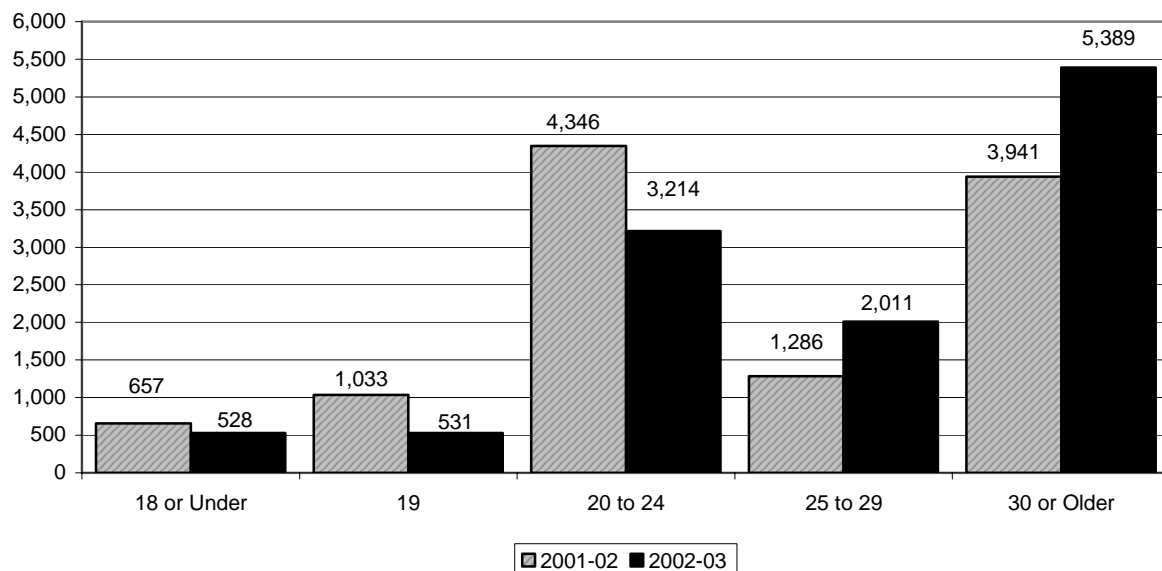
As in the past, Cal Grant A fee awards have no monetary value at a California Community College. This is due to the low fees charged at the community colleges and the availability of a Board of Governor's fee waiver to all financially eligible students. The award is held in reserve until the recipient transfers to a tuition and fee charging school. In the 2001-02 September Competition, the Commission granted 237 Competitive Cal Grant A awards. The number of Cal Grant A awards increased to 310 in 2002-03.

The majority of the 2001-02 Competitive Cal Grant recipients (11,026 of 11,263) received a Cal Grant B award. In 2002-03, the number of Cal Grant B awards increased to 11,363 with the expectation that the total number of Cal Grant A and B awards funded would not exceed 11,250.

### Recipients by Age

In the 2001-02 September Competition, 54 percent (or 6,036 recipients) were under 25 years old. The changes made in the selection criteria for 2002-03 shifted the majority (63 percent or 7,400 recipients) to the top two age categories, "25 to 29" and "30 or older" as intended.

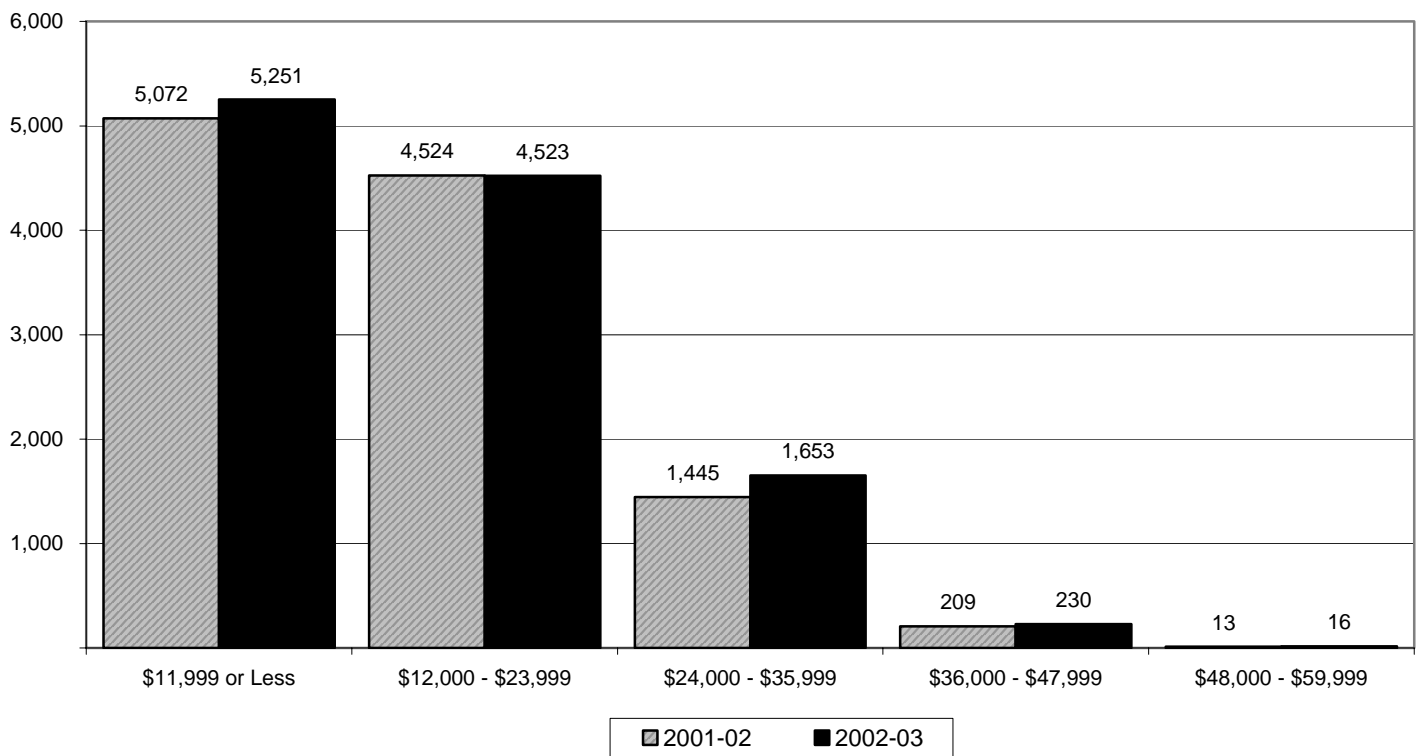
**Figure 5: Age Distribution of September Competitive Recipients**



## Recipients by Income

In 2001-02, 5,072 new September Competitive Cal Grant recipients (or 45 percent) were from families with incomes below \$12,000; 5,969 new recipients (or 53 percent) were from families with incomes between \$12,000 and \$35,999. Just 222 recipients (or two percent) were from families with incomes of \$36,000 or more. In 2002-03, the results were similar to 2001-02, as 5,251 new Competitive Cal Grant recipients (or 45 percent) had incomes below \$12,000. 6,176 new recipients (or 53 percent) were from families with incomes between \$12,000 and \$35,999. A relatively small number of new recipients, 246 (or two percent) had incomes of \$36,000 or more.

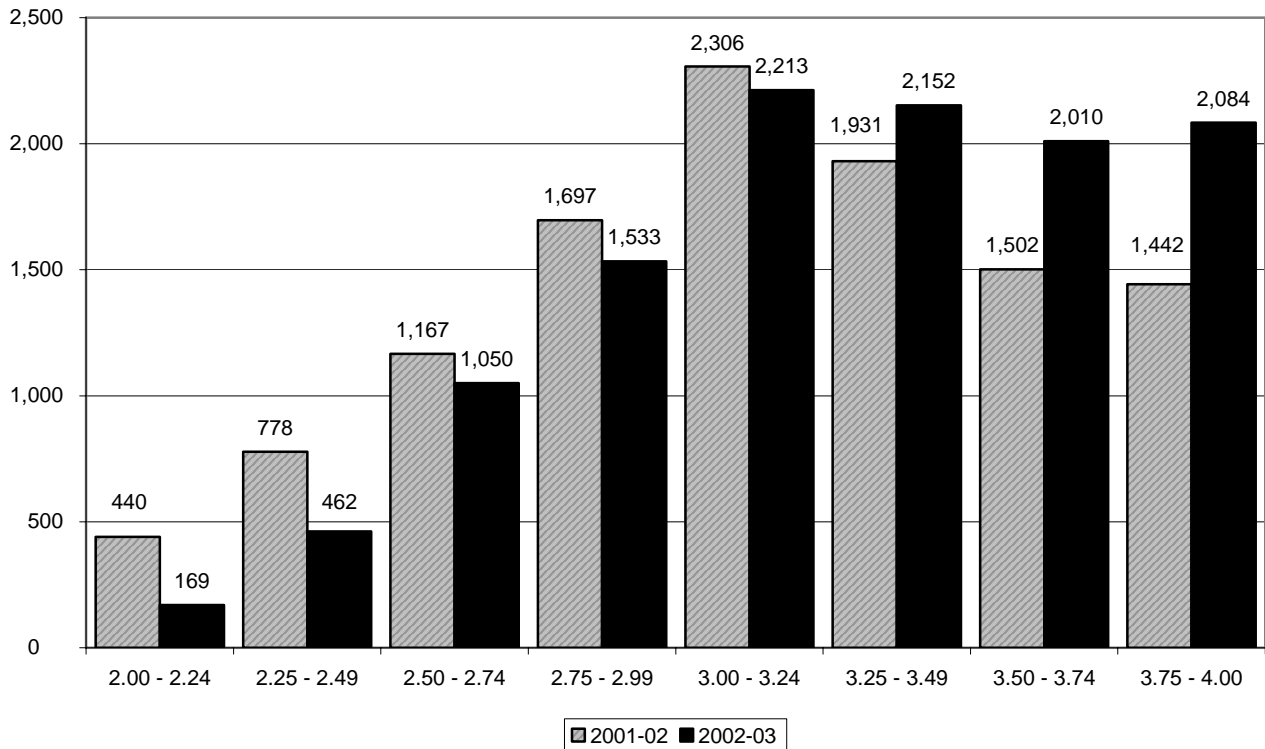
**Figure 6: Income Distribution of September Competitive Recipients**



## Recipients by Grade Point Average (GPA)

In 2001-02, 7,181 (or 64 percent) new September Competitive Cal Grant recipients had a GPA of 3.00 or higher, while 1,218 (or 11 percent) recipients had a GPA below 2.50. By comparison, in 2002-03, the number of new Competitive Cal Grant recipients with a GPA of 3.00 or higher increased to almost 8,459 (72 percent) as the number of new Competitive Cal Grant recipients with a GPA below 2.50 dropped to about 631 (or five percent).

**Figure 7: GPA Distribution of September Competitive Recipients**



## Participation Patterns

Table 4 provides information about the 2001-02 September Competitive recipients who were paid in their first and/or second year(s) in the Competitive Cal Grant Program. Table 5 provides information about the 2002-03 September Competitive recipients who were paid in their first year in the Competitive Cal Grant Program. Using the same methodology as for the March Competition, the Commission looked at the number of September Competitive Cal Grant recipients for whom at least one payment transaction was reported to and reconciled by the Commission (paid) against the number of recipients who were offered an award. The payment transaction may have occurred during the year the applicant was offered a Cal Grant award, for a subsequent year, or for both years.

## The First Year (2001-02 September Competition)

In 2001-02, 79 percent of the Cal Grant A and B recipients were paid during their first year in the Competitive Cal Grant Program. Additionally, 49 percent of the Cal Grant A and B recipients were paid during their second year in the Competitive Cal Grant Program.

**Table 4**  
**2001-02 September Competitive Recipients Paid in 2001-02 and 2002-03**  
**by Educational Level**

	2001-02 Offers		Paid in 2001-02			Paid in 2002-03		
	#	%	#	%	% Paid	#	%	% Paid
<b>Cal Grant A</b>								
Freshman	63	0.6%	0	0.0%	0%	2	0.0%	3%
Sophomore	100	0.9%	4	0.0%	4%	19	0.3%	19%
Junior	53	0.5%	4	0.0%	8%	10	0.2%	19%
Senior	21	0.2%	0	0.0%	0%	1	0.0%	5%
<b>Total</b>	<b>237</b>	<b>2.1%</b>	<b>8</b>	<b>0.1%</b>	<b>3%</b>	<b>32</b>	<b>0.6%</b>	<b>14%</b>
<b>Cal Grant B</b>								
Freshman	3,499	31.1%	2,903	32.7%	83%	1,965	35.6%	56%
Sophomore	4,759	42.3%	3,980	44.8%	84%	2,454	44.5%	52%
Junior	1,781	15.8%	1,273	14.3%	71%	743	13.5%	42%
Senior	987	8.8%	721	8.1%	73%	323	5.9%	33%
<b>Total</b>	<b>11,026</b>	<b>97.9%</b>	<b>8,877</b>	<b>99.9%</b>	<b>81%</b>	<b>5,485</b>	<b>99.4%</b>	<b>50%</b>
<b>Cal Grant A &amp; B</b>								
Freshman	3,562	31.6%	2,903	32.7%	81%	1,967	35.7%	55%
Sophomore	4,859	43.1%	3,984	44.8%	82%	2,473	44.8%	51%
Junior	1,834	16.3%	1,277	14.4%	70%	753	13.6%	41%
Senior	1,008	8.9%	721	8.1%	72%	324	5.9%	32%
<b>Total</b>	<b>11,263</b>	<b>100.0%</b>	<b>8,885</b>	<b>100.0%</b>	<b>79%</b>	<b>5,517</b>	<b>100.0%</b>	<b>49%</b>

Notes for Table 4 and Table 5:

1. Source of the educational level is the self-reported grade level the student indicates on the Free Application for Federal Student Aid (FAFSA).
2. "2001-02 Offers" reflect the number of competitive recipients notified as of December 31, 2001.
3. "2002-03 Offers" reflect the number of competitive recipients notified as of December 31, 2002.
4. "Paid in 2001-02" reflects those recipients for whom at least one payment transaction was reported and reconciled as of December 31, 2002.
5. "Paid in 2002-03" reflects those recipients for whom at least one payment transaction was reported and reconciled as of December 31, 2003.
6. Paid data excludes Cal Grant A Reserve awards because they have no monetary value at a California Community College.



**The Second Year (2002-03 September Competition)**

In 2002-03, 77 percent of the Cal Grant A and B recipients were paid during their first year in the Competitive Cal Grant Program.

**Table 5  
2002-03 September Competitive Recipients Paid in 2002-03  
by Educational Level**

	2002-03 Offers		Paid in 2002-03		
	#	%	#	%	% Paid
<b>Cal Grant A</b>					
Freshman	126	1.1%	2	0.0%	2%
Sophomore	136	1.2%	9	0.1%	7%
Junior	23	0.2%	2	0.0%	9%
Senior	25	0.2%	1	0.0%	4%
<b>Total</b>	310	2.7%	14	0.2%	5%
<b>Cal Grant B</b>					
Freshman	4,681	40.1%	3,767	41.8%	80%
Sophomore	4,830	41.4%	3,929	43.6%	81%
Junior	927	7.9%	650	7.2%	70%
Senior	925	7.9%	652	7.2%	70%
<b>Total</b>	11,363	97.3%	8,998	99.8%	79%
<b>Cal Grant A &amp; B</b>					
Freshman	4,807	41.2%	3,769	41.8%	78%
Sophomore	4,966	42.5%	3,938	43.7%	79%
Junior	950	8.1%	652	7.2%	69%
Senior	950	8.1%	653	7.2%	69%
<b>Total</b>	11,673	100.0%	9,012	100.0%	77%

Notes for Table 5 are located with Table 4.

**Participation Patterns by Educational Level**

Tables 4 and 5 display the 2001-02 and 2002-03 September Competitive Cal Grant recipients by educational level. The educational level is the self-reported grade level the recipient indicates on the FAFSA. For both years and all educational levels, there is little change in the number of recipients paid during their first year in the Competitive Cal Grant Program.



**SECTION IV**  
**ELIGIBLE NON-RECIPIENTS**



## Eligible Non-Recipients

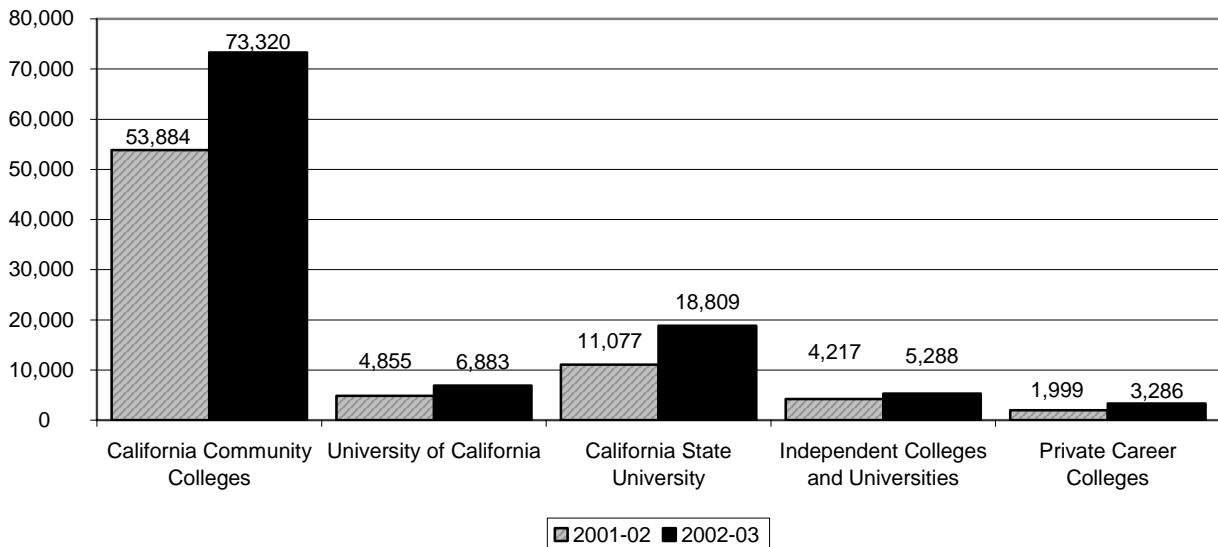
Eligible non-recipients are those applicants, from the March and September Competitions, who successfully passed the common, program, and financial edits (described in Section II) but did not receive an award because their scores were below the cutoff point. Had more awards been available, the number of applicants within this pool would be lower.

The figures and table below display characteristics of the eligible non-recipients in 2001-02 and 2002-03. Demographically, there is no discernable difference. However, there was an increase of over 31,000 applicants who met all eligibility criteria in 2002-03 than in the first year of the Competitive Cal Grant Program.

### Eligible Non-Recipients by Segment

The number of eligible non-recipients increased for all segments: the California State University had the sharpest increase at 70 percent; the private career colleges were up by 64 percent; the University of California had almost a 42 percent increase; the California Community Colleges increased 36 percent; and the independent colleges and universities' pool was larger by 25 percent.

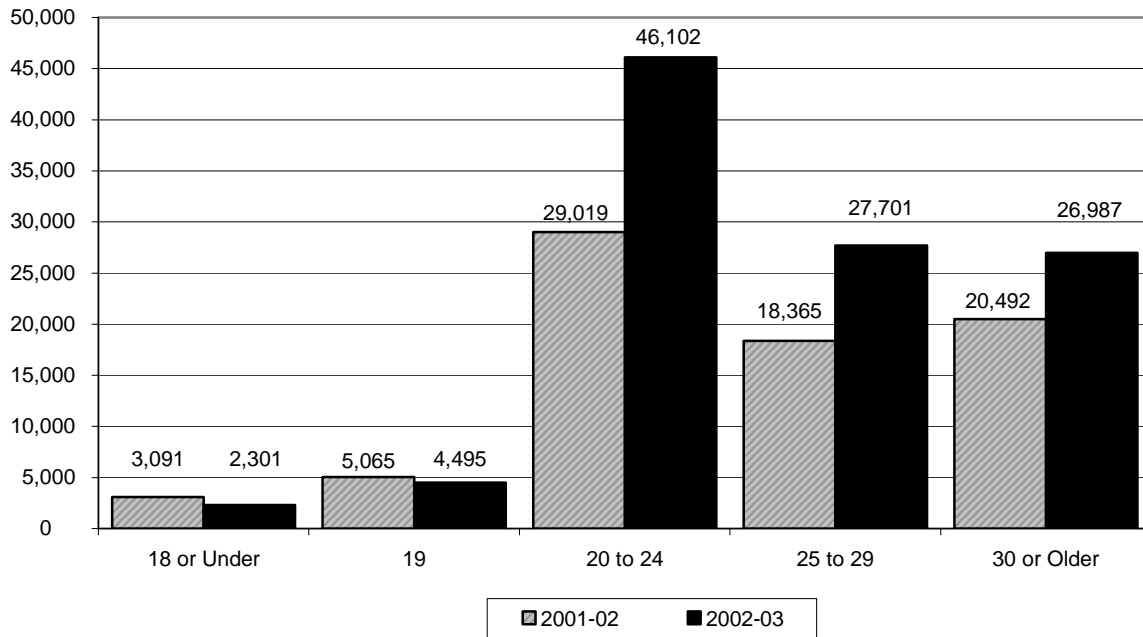
**Figure 8: Segmental Distribution of Eligible Non-Recipients**



## Eligible Non-Recipients by Age

The age distribution of eligible non-recipients stayed fairly constant despite the increase of 31,000 applicants in 2002-03. In both academic years, approximately 50 percent of all eligible non-recipients were over 24 years old.

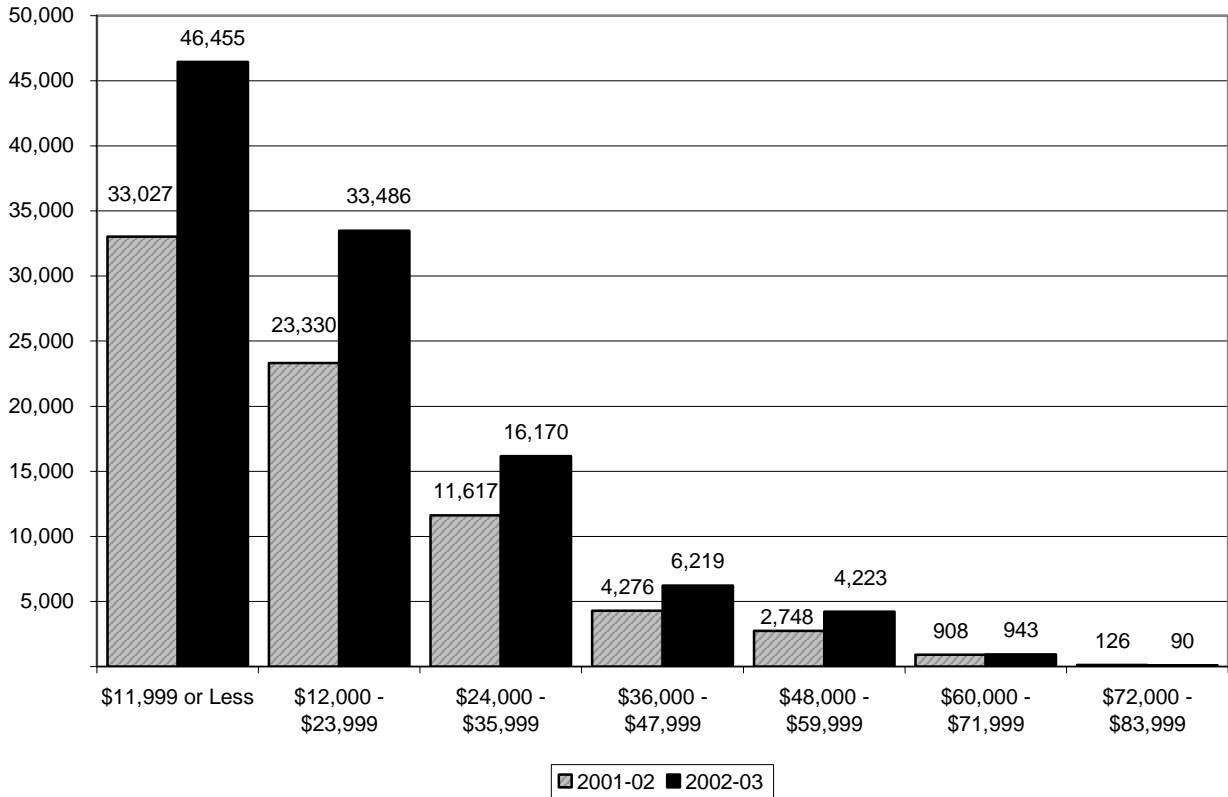
**Figure 9: Age Distribution of Eligible Non-Recipients**



## Eligible Non-Recipients by Income

The proportion of eligible non-recipients by income changed very little from the first year to the second year. Just over 40 percent earned less than \$12,000 per year and just over 30 percent between \$12,000 and \$23,999.

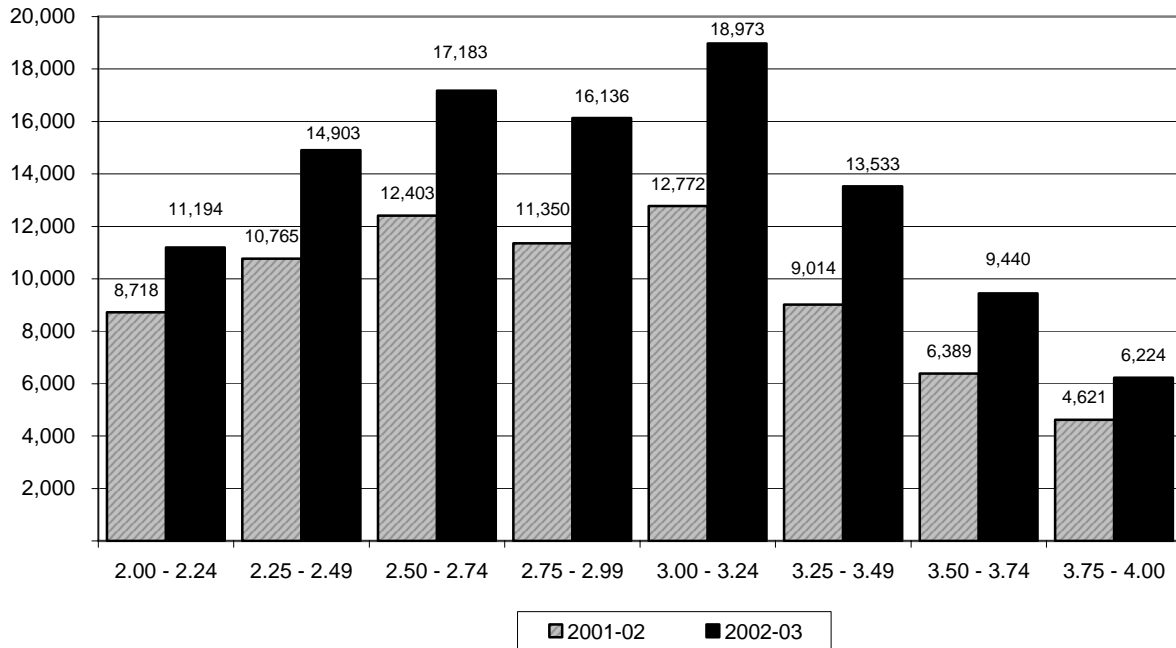
**Figure 10: Income Distribution of Eligible Non-Recipients**



## Eligible Non-Recipients by Grade Point Average (GPA)

As Figure 11 illustrates, the 31,000 additional students did not change the distribution of eligible non-recipients across the GPA categories.

**Figure 11: GPA Distribution of Eligible Non-Recipients**



## Typical Eligible Non-Recipients

Table 6 presents the “typical” eligible non-recipient for the first two years of the Competitive Cal Grant Program.

**Table 6  
A Typical Competitive Eligible Non-recipient  
Award Years 2001-02 and 2002-03**

	2001-02	2002-03
<b>Number of Eligible Non-recipients</b>	76,032	107,586
Average income	\$17,289	\$17,268
Average GPA	2.80	2.76
Average family size	2.7	2.6
Average age	27	27



**SECTION V**  
**EXTERNAL FACTORS**



## EXTERNAL FACTORS

### Enrollments in Postsecondary Education Institutions

After experiencing some declines in the first half of the 1990s, the number of students enrolled in California postsecondary institutions began to grow in the second half of the decade. The California Postsecondary Education Commission (CPEC) projected that if the trends currently observed in the rate of enrollments in public colleges and universities persist through 2005-06, student enrollment levels in California's three public higher education segments will be overwhelming. CPEC projected that this demand could add approximately 500,000 additional students to California's public colleges and universities.

Table 7 displays the undergraduate enrollment in California's public postsecondary institutions from academic year 1995-96 through 2005-06. Over the 10-year period, enrollments in California's three public segments of higher education will grow by an average rate of 3.4 percent each year for a total of 34 percent for the decade.

The projections in Table 7 are being revised to take into account the recent change in administration, proposed budget cuts, and the economy and project more moderate increases in postsecondary enrollment. The effect of the adjustments and changing economic climate on the Competitive Cal Grant applicant pool remain to be seen.

**Table 7  
California Public Postsecondary Enrollment Projections  
(2002 Series)**

Fall	Undergraduate Enrollment			
	CCC	CSU	UC	TOTAL
1995-1996	1,336,695	264,023	123,948	1,724,666
1996-1997	1,408,780	272,642	126,260	1,807,682
1997-1998	1,452,102	276,054	128,976	1,857,132
1998-1999	1,494,849	278,597	132,477	1,905,923
1999-2000	1,547,960	285,033	136,782	1,969,775
2000-2001	1,584,298	291,955	141,028	2,017,281
2001-2002	1,686,663	307,450	147,731	2,141,844
2002-2003*	1,779,629	320,354	154,289	2,373,768
2003-2004*	1,826,090	334,574	160,288	2,320,952
2004-2005*	1,856,433	346,077	165,558	2,368,068
2005-2006*	1,882,830	354,746	169,870	2,407,446

Source: California Department of Finance, Demographic Research Unit (July 2003).

\* Projected enrollments.

UC and CSU report fall census enrollment, and CCC reports fall term-end enrollment. UC enrollment excludes Health Sciences. CCC enrollment updated for 1997-2000.

## Key Factors

Historically, two key factors have driven the enrollment of students in colleges and universities: the number of high school graduates each year, and the college-going participation rates of those high school graduates. In addition, periodic changes to the State's budgeting process for the public higher education segments can affect enrollment and capacity.

The number of students graduating from high school has continued to increase each year. Table 8 displays total California high school graduates from academic years 1994-95 to 2001-02. The average annual percent ranged from 1.5 percent to 5.8 percent. After the peak of 5.8 percent in 1998-99, the increase flattened as expected over the next few years. The average increase for this period was 3.6 percent. The cumulative increase for the eight-year period was about 25 percent. Current Department of Finance projections indicate that the number of California high school graduates could increase over 17 percent between 2002-03 and 2007-08.

## Participation Rates

Table 8 also displays the number and percent of high school graduates that completed courses required for admission to the California State University and the University of California. From 1995 to 2002, the number of graduates participating in college-preparation courses of study rose by almost 27 percent, although the percent of CSU- and UC-eligible graduates held steady over the period at just over 35 percent of graduates.

These statistics demonstrate that even with increasing high school enrollments, the percentage of students who are UC/CSU-eligible remains strong; more than one third of students graduating each year from high school are prepared to attend a public university.

**Table 8**  
**Number of 12<sup>th</sup> Grade Graduates in California Public Schools**  
**Completing all Courses Required for UC and /or CSU Entrance**

	<b>Number of Graduates</b>	<b>Annual % Increase in Graduates</b>	<b>Graduates with UC/CSU Eligibility</b>	<b>% of Graduates with UC/CSU Eligibility</b>
<b>1994–1995</b>	255,200	-	88,945	34.9%
<b>1995–1996</b>	259,071	1.5%	91,698	35.4%
<b>1996–1997</b>	269,071	3.9%	96,879	36.0%
<b>1997–1998</b>	282,897	5.1%	103,421	36.6%
<b>1998–1999</b>	299,221	5.8%	106,441	35.6%
<b>1999–2000</b>	309,866	3.6%	107,926	34.8%
<b>2000–2001</b>	316,124	2.0%	112,469	35.6%
<b>2001–2002</b>	325,895	3.1%	112,934	34.7%

Source: California Department of Education, Educational Demographics Unit (July 2003)

## **California's Changing Economic Context**

By the end of 2001, California began to experience signs of economic slowdown. The unemployment rate rose sharply from 4.9 percent in 2000 to 5.4 percent in 2001, while median household income grew at the slower pace of 0.6 percent. State general fund revenues from major tax sources also fell, setting up the prospect for a massive budgetary shortfall for the previous, current and upcoming fiscal years.

In 2002, the economic down turn and the resulting fiscal crisis forced significant cuts in appropriations for the state-funded student financial aid and for the three public segments of higher education. In response to the cutbacks in state support, and after years of fee reductions, public colleges and universities implemented fee increases for the first time in years. These student fee increases came at a time when many students and their families were faced with an economic uncertainty and possible unemployment.

## **Effects of Enrollment Growth and the Economy**

To understand how enrollment growth and the economic context affect the demand for the Cal Grant program, it is important to look at the demographic characteristics, and the academic background of the high school graduates who drive the enrollment in higher education.

If enrollment growth in postsecondary education institutions will add 500,000 additional students between 1995-96 and 2005-06, this potential demand for higher education is expected to require additional resources in terms of student financial aid, particularly Cal Grant aid. Enrollment in higher education is sensitive to student fees and financial aid, and to parental income. California has an increasingly diverse population, with Asian, Hispanic, and black teenagers making up the largest share of high school graduates. In the academic year 2001-02 alone, 56.4 percent (or 183,731 students) of the 325,895 high school graduates were from various minority groups. Approximately 50 percent (55,973 students) of minority high school graduates completed the courses required for admission to either UC and/or CSU. Since a large number of minority students come from families with low to moderate incomes, receipt of a Cal Grant is likely to be critical in their pursuit of higher education.

Besides future school enrollment growth, the general economic condition is another important factor that affects demand for Cal Grant aid. If families continue to face a potential loss of income, it could lead to enrollment in college to improve job skills. These students may be eligible for and receive need-based financial aid.

In light of the consistent increase in the number of students graduating from California high schools each year and the consistent proportion of these graduates who are fully prepared to attend California's public universities and colleges, it is clear that the demand for financial support for higher education will remain strong, as is the demand for assistance through the Cal Grant program.



**SECTION VI**  
**SUMMARY AND CONCLUSIONS**





## SUMMARY

The number of applicants eligible for a Competitive Cal Grant award rose by 41 percent between 2001-02 and 2002-03 and is expected to rise another six percent based on preliminary 2003-04 data. However, the number of available Competitive Cal Grant awards has not kept pace with such increases. For example, in academic year 2001-02, 76,032 applicants met all academic and financial requirements, but did not receive an award. In 2002-03, 107,586 eligible applicants did not receive an award, and in 2003-04, this number will increase to approximately 113,800.

In 2001-02, typical eligible non-recipient was 27 years old, had a 2.80 GPA, and was from a family with an annual income of \$17,289. Similarly, the 2002-03 typical eligible non-recipient had a 2.76 GPA, was 27, and had an annual family income of \$17,268. The preliminary demographic characteristics of the 2003-04 eligible non-recipients are similar to those of the first two years.

The rise in the number of both applicants and eligible non-recipients is attributable to:

- Improvements in promoting the federal electronic “FAFSA on the Web” filing system
- Improvements in the Commission’s Cal Grant GPA verification processes and automation of GPA submissions for high schools through a secure web-enabled site
- Improvements in the Commission’s partnerships with secondary schools, postsecondary institutions, the California student financial aid associations and members of the legislature to promote extensive outreach efforts
- Collaboration with the business industry to deliver focused Cal Grant and financial aid outreach
- The economy and changing labor market driving older workers to upgrade or acquire new skills

Studies show that after graduating from high school, low-income students are more likely to postpone their college education goals. Furthermore, in a national survey, the American Association of University Women found that male high school graduates are more likely to attend college immediately than women. It also found that more female high school graduates go directly to work after high school.

In California, the Competitive Cal Grant Program data reveals that a significant number of applicants are women. In addition, more than two thirds of Competitive recipients—72 percent in 2001-02, and 74 percent in 2002-03—are women, often from families with annual incomes below \$12,000.

It is likely that these groups of high school graduates who tend to delay their postsecondary educational goals will continue to maintain the size of, if not increase, the pool of applicants for Competitive Cal Grant awards in the future. Since the Commission does not yet have data on the full phase-in of the Entitlement program, which could reduce the size of the Competitive pool in future years, it is difficult to predict how behavior will change over the four years.

Nonetheless, it is clear that there is now and remains a significant unmet need for additional awards in the Competitive Cal Grant Program, and for other financial aid resources to assist those who do not receive a Cal Grant.

If California wants to assure financial access to a postsecondary education to students who may delay their college attendance, consideration should be given to increasing the number of Competitive Cal Grant awards beyond the 22,500 awards as currently authorized in California Education Code Section 69437(b).

## CONCLUSIONS

The Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act (SB 1644, Chapter 403, Statutes of 2000) expressed an unprecedented commitment to make a postsecondary education financially feasible for all qualified California graduating high school seniors. SB 1644 also provided awards for older, late-entry students within the Competitive Cal Grant Program.

In the face of rising demand for enrollment, increasing fees, and economic uncertainties at postsecondary institutions, the Competitive Cal Grant Program will provide access and choice to a limited number of students seeking higher education or job re-training. It is too soon to determine if the new program is “successful.” It will take several more years of careful observation and evaluation before the Commission will have sufficient data and experience with the Competitive Cal Grant Program to make claims of success.

Based on past experience with the pre-SB 1644 programs, data from outside sources, and the economic climate, the Commission concludes that:

- The pool of eligible non-recipients will continue to grow, with much of the growth from low- and moderate-income students and women from disadvantaged backgrounds.
- The uncertain economy will necessitate retraining for workers and adult college-ready students. These low- and moderate-income students will continue to seek financial assistance for college and retraining.
- The State’s current commitment of 22,500 awards for the Competitive Cal Grant Program is insufficient. Currently, only one out of six eligible applicants will receive an award.
- The State needs to evaluate what message the current award limitation conveys to all of the eligible non-recipients. Is this an appropriate policy choice? If not, the State needs to address the award limitation by establishing a methodology to expand the Competitive Cal Grant Program.
- The State continues to support “access” to postsecondary education and “choice” of institution for a limited number of students attending California’s postsecondary institutions. This flexibility enhances a student’s ability to achieve their personal goals.