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How Does the Elimination of State Aid to For-Profit Colleges Affect Enrollment? Evidence from California's Reforms

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How Does the Elimination of State Aid to For-Profit Colleges Affect Enrollment? Evidence from California's Reforms

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July 18, 2021

Abstract

This paper examines how financial aid reform based on postsecondary institutional performance impacts student choice. Federal and state regulations often reflect concerns about the private, for-profit sector's poor employment outcomes and high loan defaults, despite the sector's possible theoretical advantages. We use student level data to examine how eliminating public subsidies to attend low-performing for-profit institutions impacts students' college enrollment and completion behavior. Beginning in 2011, California tightened eligibility standards for their state aid program, effectively eliminating most for-profit eligibility. Linking data on aid application to administrative payment and postsecondary enrollment records, this paper utilizes a differences-in-differences strategy to investigate students' enrollment and degree completion responses to changes in subsidies. We find that restricting the use of the Cal Grant at for-profit institutions resulted in significant state savings but led to relatively small changes in students' postsecondary trajectories. For older, non-traditional students we find no impact on enrollment or degree completion outcomes. Similarly, for high school graduates, we find that for-profit enrollment remains strong. Unlike the older, non-traditional students, however, there is some evidence of declines in for-profit degree completion and increased enrollment at community colleges among the high school graduates, but these results are fairly small and sensitive to empirical specification. Overall, our results suggest that both traditional and non-traditional students have relatively inelastic preferences for for-profit colleges under aid-restricting policies.

1 Introduction

The for-profit higher education sector expanded significantly in the twenty-first century (Deming *et al.*, 2012b),[1] but concerns about poor student outcomes has catalyzed regulatory responses

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[1]For-profit enrollments comprised 4% of total Title-IV eligible enrollment at the turn of the century before peaking at 11% in 2009, and receipts of federal Pell grants–need-based grants to low-income students–grew from $1.1 to $7.5 billion. Between Pell Grants and student loans, for-profit colleges received $32 billion from the federal government in 2009-2010, a quarter of all Department of Education (DOE) student aid program funding (Senate Committee on

(Department of Education, 2014; California Legislative Analyst's Office, 2013). One reason for-profit students have worse outcomes is that they are more likely to be considered "non-traditional," meaning disproportionately older, lower-income, first generation, single parents, or ethnic minority students, and these characteristics are typically correlated with lower wages in the labor market. Yet for-profit students experience weaker earnings prospects and are less likely to repay federal loans on time, even relative to similar peers attending non-profit institutions (Deming *et al.*, 2012b). Because of student-debt and employability concerns in the for-profit sector, federal authorities enacted "gainful employment" regulations to deprive low-performing schools of Title IV aid, though these were rescinded before going into effect. The underlying hope of aid-restricting policies is to induce students to attend higher quality postsecondary institutions and improve individual outcomes. A large literature provides evidence that students are generally responsive to tuition prices and financial aid when making college attendance decisions, so it is likely that the loss of public subsidies would affect student choice (Bettinger *et al.*, 2019; Carruthers and Ozek, 2016; Cohodes and Goodman, 2014; Nguyen *et al.*, 2019).

This paper exploits detailed individual-level data to examine student responses to the loss of institutional eligibility for a significant source of financial aid: California's Cal Grant, the largest state need- and merit-based aid program in the nation. Prior to 2011-12, Cal Grant eligible students could use in-state aid at for-profit institutions, with the program subsidizing up to $9,700 in tuition payments per year, for up to four years. Increasing for-profit attendance, along with recession-borne budgetary pressures and reports of for-profits' ineffectiveness, led California to restrict Cal Grant usage at these institutions.[2] Beginning with a small set of schools in the 2011-12 academic year, and then expanding to most for-profit colleges in 2012-13, new students were no longer allowed to use their Cal Grants at these institutions, and continuing students saw a 20% reduction in the size of their annual award.

The dramatic decrease in state subsidies to for-profit education makes California an ideal location to study how financial aid reform based on institutional performance impacts student

Health and Pensions, 2012). Despite declines after the Great Recession, enrollment in the for-profit sector has nearly doubled since 2000, while overall enrollment grew by only a quarter (National Center for Education Statistics, 2019).

[2]For high school graduates, the rate of Cal Grant recipients who attended for-profit institutions rose from 2.7% in 2001-02 to 4.9% in 2009-10, whereas the for-profit usage rate among older, non-traditional students increased at an even higher rate from 4.2% to 13.7%. California's aid program thus experienced for-profit growth at the state level similar to national trends.

choice. The Cal Grant offers two awards, one for traditional high school graduates and another for older, non-traditional students, who more closely fit the typical profile of for-profit students. We conduct separate analyses for these two groups, and estimate impacts via a differences-in-differences strategy. Causal identification relies on two facts: (1) the FAFSA asks students to list colleges where they want their financial aid information sent, and (2) the policy changes that restricted the Cal Grant occurred after March 2nd, the Cal Grant application deadline. We then define treated students as those who listed for-profit colleges on their FAFSA but were impacted by the sudden elimination of state aid that occurred after they had submitted their applications. Counterfactual trends in each analysis varies by the nature of the award program and are discussed in detail below; for traditional students the counterfactual is based on a matched comparison group of students who did not express interest in for-profit colleges on the FAFSA, whereas for non-traditional students the program relies on an unobserved eligibility threshold, and we compare for-profit interested students who fall just on either side of this criteria.

For non-traditional students, we find that restricting the use of the Cal Grant at for-profit institutions led to no change in student behaviors or outcomes, with these students choosing to remain in the for-profit sector. Although the policy eliminated Cal Grant usage at for-profit colleges–a 62 percentage point decline in aid receipt at these institutions among eligible applicants–we observe no impact on for-profit enrollment or associate's degree attainment, with perhaps a slight decline in for-profit bachelor's degree attainment. There is no evidence these students shifted into alternate postsecondary sectors, and we can reject an effect on degree completion in other sectors larger than one percentage point.

For "traditional" high school students, we again find that students who lost state aid mostly chose to enroll in for-profit colleges and forgo the Cal Grant. The results examining whether and how much students shifted enrollment into alternate sectors are more mixed than for non-traditional students and present a number of empirical challenges. First, traditional students often consider a range of different colleges, and even among those who listed a for-profit only 20% to 30% took the award to the for-profit sector in the years prior to the policy change. Second, our sample of traditional students exhibits a declining trend in for-profit award utilization; even among students who list a for-profit on the FAFSA, fewer actually used the award in that sector in more recent years, perhaps in part to negative publicity and decreasing popularity of these institutions in the

later parts of the Great Recession. The smaller first-stage combined with the pre-treatment trend in Cal Grant usage makes our results sensitive to reasonable changes to our model, especially which pre-treatment years are included in the analysis. Altogether we find suggestive evidence of declines in for-profit degree attainment, potentially explained by a combination of enrollment shifts into community colleges and decisions not to attend college at all, though the magnitude of these results varies by model specification. On one end of the spectrum we find that roughly 75% of impacted students remained in the for-profit sector, with the remaining students evenly split between enrolling in community colleges or choosing no college at all. Other specifications produce results that mirror non-traditional students, where close to all students remained enrolled within for-profit colleges, with shifts into other sectors statistically insignificant. Although this sensitivity complicates the interpretation of our results, we nonetheless find a consistent story that preferences for enrollment in the for-profit sector remain strong for both groups of students.

Our results show that student preferences for for-profit colleges are relatively inelastic to a large subsidy loss, especially among older, non-traditional students, and in exploratory analyses we speculate as to why. Although for-profits might offer more flexible modalities, such as a larger selection of online courses, we do not find that students who live physically closer to a community college campus are any more likely to shift sector of enrollment. We also find no evidence that non-traditional students who had previously attended a community college were more or less likely to shift enrollment than those who had not, suggesting that these inelastic preferences are not likely to be driven by prior poor experiences in the public sector. One potential explanation are the different types of degree programs offered by for-profit and public colleges. For instance, 46% of for-profit degrees earned in our high school sample are in the Health Professions CIP code, compared to only 4% of public college degrees in the comparison group. Thus the types of programs offered by for-profit colleges may be particularly attractive to certain groups of students, particularly if public colleges cannot satisfy demand (Grosz, 2020). Whether this is due to the actual content of for-profit degree programs, aggressive advertising practices, or other factors, is beyond the scope of this paper.

Our findings contribute to the literature examining whether and to what extent policy interventions that limit (e.g. closures of low-performing colleges Cellini *et al.* (2020); Darolia (2013)) or expand (e.g. school vouchers Hoxby (2003); Walters (2018)) educational choice improve the

quality of these decisions and lead to better economic outcomes. Our most consistent finding is that regulations intended to move students out of for-profit colleges are unlikely to be effective through large financial penalties alone. Students in our study lose significant funding but are still eligible for the Pell Grant, federal loans, or other resources that facilitate attendance. If high costs and poor labor market outcomes make for-profit colleges a poor decision, then only more severe policies, such as institutional closure, are likely to shift student choice (Cellini *et al.*, 2020).

Our study also improves on prior research by using individual-level data to examine short-term matriculation and longer-term completion effects of for-profit regulation, rather than relying on institutional-level data that limits the types of analyses available. Additionally, we focus on recent cohorts of for-profit students experiencing the growth in online courses and other modern forms of for-profit education, rather than prior studies that primarily rely on sanctions implemented in the 1990s (Cellini *et al.*, 2020). Our data show broadly similar responses to regulations for both traditional and non-traditional students, though we find more evidence that the loss of aid negatively impacted for-profit degree completion for high school students, without any compensatory gains in degrees from other sectors (though exact estimates are imprecise). Future work hopes to examine credit data outcomes for treated students (e.g., debt and default rates for various forms of credit, including student loans), to see whether the loss of aid impacts financial health.

The remainder of the paper proceeds as follows: Section 2 reviews the existing literature; Section 3 provides background on the California Student Aid Commission (CSAC) and the Cal Grant Award; Section 4 describes our data and empirical methodology; Section 5 reviews the results; and Section 6 concludes by discussing legal and policy implications and avenues for further research.

2 Literature Review

Higher education distributes economic gains unevenly across students. U.S. economic growth during the last few decades has disproportionately advantaged the most educated (Autor, 2014). The benefits of postsecondary education have spurred calls for increased postsecondary access and completion, but budget pressures have led to lower state appropriations and higher tuition over time, shifting the burden to family finances (Baum and Ma, 2013; Baum *et al.*, 2015). The role of

higher education in income inequality has catalyzed interest in "mobility report cards," which document the role of American colleges in intergenerational mobility (Chetty *et al.*, 2017). However, this research explicitly focuses on traditional students (recent high school graduates) and on birth cohorts who matriculated prior to the expansion of for-profit education. The question of how non-traditional students, as distinct from traditional students, choose among sectors may shed light on their long-term outcomes.

For-profit colleges possess multiple theoretical advantages. Their programmatic offerings may be more market responsive, whether to occupational and wage growth in relevant sectors or to changes in state college-age populations (Freeman, 1974; Gilpin *et al.*, 2015; Turner, 2006). Their academic programs' flexibility and profit motive may make them agile enough to better innovate and reach students left out of traditional higher education, such as rural students or working students who prefer classes online and at atypical hours (Deming *et al.*, 2012a,b). This deviation from traditional academic structure gives for-profits the potential to bend the higher education cost curve (Deming *et al.*, 2015).

Despite these theoretical advantages, for-profit education has produced mixed results in practice. Research suggests that for-profit entry into the postsecondary market may lower costs (Deming *et al.*, 2015), though the availability of federal aid can increase both the supply of, and tuitions charged by, for-profit institutions (Cellini, 2010). Private for-profit institutions still rely largely on federal subsidies, and the sector's federal default rates usually exceed the public and private non-profit sectors (Ma *et al.*, 2020). Evidence (including results from experimental studies) documents how for-profit graduates may be viewed less favorably in the labor market (Darolia *et al.*, 2015; Deming *et al.*, 2016; Looney and Yannelis, 2015; Cellini and Turner, 2019).

The federal government's response has been to advocate for better consumer information and to target ineffective institutions. Federal law requires the disclosure of on-time graduation rates, median debt loads, and tuition and fees charged. Yet the research to date suggests that informational interventions by themselves may have limited ability to influence the decisions of college-going students (Bergman *et al.*, 2019; Booij *et al.*, 2012; Gurantz *et al.*, 2020; Hyman, 2020). This may be particularly true for non-traditional or otherwise marginalized students. For example, the release of the College Scorecard likely had the largest impacts in application behavior among the most advantaged students (Hurwitz and Smith, 2018).

Beyond information, the federal government fashioned penalties, now partly rescinded, for schools failing to produce favorable student economic outcomes. Low-performing institutions whose cohort default rates are excessively high have long lost access to federal funds.[3] In 2014, the Department of Education finalized regulations that, for the first time, interpreted the "gainful employment" requirement of Title IV of the Higher Education Act (HEA) to connote a minimum threshold of income-to-debt for programs, including most for-profit programs, with the penalty of losing institutional eligibility for federal funds. While these gainful employment standards were rescinded in 2019, some states are considering independently adopting them (California Assembly, 2019).

Institution-level sanctions and related college closures have been shown to impact student choices and outcomes. Previous efforts by the federal government to tie high cohort default rates to the elimination of federal aid disbursement at low-performing colleges altered student behavior, decreasing the enrollment of new students at targeted for-profits and pushing Pell-eligible students into neighboring community colleges (Cellini *et al.*, 2020; Darolia, 2013). Pushing for-profit students into other similarly non-selective institutions could improve outcomes, partly because community colleges are less expensive than for-profit institutions and may provide similar returns (Cellini, 2012; Cellini and Chaudhary, 2014; Cellini *et al.*, 2020).

Our study contributes both to the literature on how changes in institutional eligibility for aid impact student choice (Cellini *et al.*, 2020; Darolia, 2013; Wiederspan, 2016) as well as previous research isolating factors predictive of for-profit enrollment (Chung, 2012). We are able to measure impacts of institutional performance-based changes in for-profit subsidies on both traditional and non-traditional students' enrollment (Seftor and Turner, 2002). Previous research on the Cal Grant finds large impacts on the sector of enrollment and postsecondary completion for traditional students in the late 1990s, though for-profit attendance was relatively limited for these cohorts (Bettinger *et al.*, 2019). For non-traditional students who applied to the Cal Grant in the early 2000s, the program had positive impacts on for-profit degree completion, but no impacts on attainment for older students intending to enroll in community colleges (Gurantz, Forthcoming). Our research complements this previous work on the potentially muted impacts of aid for

[3]The California Legislative Analyst's Office provides a helpful history of cohort default rates in its contemporaneous discussion of the policy shocks studied in this paper(California Legislative Analyst's Office, 2013).

non-traditional students, and highlights the policy challenges of nudging students towards public alternatives and out of low-performing for-profit institutions.

3 Institutional Background

3.1 California Student Aid Commission (CSAC) and the Cal Grant Award

The California Student Aid Commission (CSAC) administers the Cal Grant program, the largest state aid program in the nation. California residents apply for the Cal Grant by submitting the Free Application for Federal Student Aid (FAFSA) as well as a one-page GPA verification form which is submitted to CSAC directly by the relevant high school or college administration. The application deadline for students who wish to attend a four-year or private institution is March 2nd, which corresponds to the FAFSA application deadline for California.[4]

The Cal Grant targets low- and middle-income students. Students can earn an award through one of two primary methods: the Entitlement grant, for "traditional" high school graduates who meet basic GPA and income eligibility criteria, and the Competitive grant that is awarded in a more selective fashion. The Entitlement grant is available only to those students graduating high school or who graduated the previous year, and there are no numerical caps for the number of grants awarded. To qualify, students from middle-income families must have earned an unadjusted 3.0 GPA in high school, and students from low-income families must have earned an unadjusted 2.0 GPA in high school (income limits that define middle- and low-income families vary by year and family size and are shown in Appendix Table AT1). The second method is the Competitive grant, available to older, "non-traditional" students who are two or more years out of high school. Students earn up to 200 points based on a methodology that accounts for GPA (submitted from either the high school or most recent college), parent's educational level, student or parent household status (marital status, orphan status), family income, household size, and the "access equalizer," which takes into account other measures of student disadvantage. There are limited Competitive awards offered per year at the March deadline–capped at 11,250 during the time period studied–and CSAC sorts applicants in descending order and offers awards until the cap is reached, leading to

[4]For non-traditional students there are two deadlines: March 2 and September 2. The September 2 deadline is only for students interested in attending community colleges and is not used in this paper as it does not have any impact on for-profit enrollment and occurred after the surprise announcements detailing the aid-restricting policies.

an annually varying eligibility threshold to receive the grant. The Competitive award eligibility criteria are detailed in Gurantz (Forthcoming) and also described in Appendix A.

Regardless of whether a student earns an Entitlement or Competitive grant, they qualify for one of two payment options referred to as Cal Grant A or B. Ultimately the payment choices are relatively similar and ignored in our analysis, which focuses on receiving an award offer rather than which they choose. Students with a GPA above 3.0 are eligible for A, and those who are low-income are eligible for B, with those meeting both criteria able to choose between the two awards. Cal Grant A offers four years of full tuition fees at any in-state public four-year institution, or an annual subsidy for non-profit or for-profit private colleges for up to $9,708. Cal Grant B differs from Cal Grant A in three distinct ways. First, students are also provided a subsistence award, equal to roughly $1,551 per year, for up to four years, to be used for "living expenses and expenses related to transportation, supplies, and books." Second, this living expense from Cal Grant B can be used while a student attends a community college, though Cal Grant B does not cover community college tuition fees. Finally, there is one significant negative consequence to Cal Grant B, in that it only covers tuition for three years rather than four years, beginning in the second year of the award or when students have obtained Sophomore status (as self-reported on the FAFSA), so non-traditional students typically can receive the tuition subsidy immediately. Both Cal Grant awards can be put on hold for two years for students who wish to delay their college enrollment.

3.2 Policy Change: Senate Bill 70 and the Budget Act of 2012

On March 24th, 2011, a few weeks after the Cal Grant deadline, Governor Jerry Brown signed Senate Bill 70 into law. The bill mandated reductions in state spending on Cal Grants by eliminating eligibility among institutions with a three-year cohort default rate above 24.6%. This process prevented students from taking their Cal Grant award to 76 schools in the 2011-12 academic year, though many of these schools were branches of larger systems. Currently enrolled students could continue to attend these ineligible institutions, but awards to these continuing students were reduced by 20%. Students were directly notified of these changes in May 2011, two months *after* the FAFSA was submitted, removing concerns that college preferences listed on the FAFSA were endogenously shaped by the policy.

The Budget Act of 2012, part of the annual budgeting process in the subsequent year, was

signed into law on June 27th, 2012, and imposed a number of additional changes to the Cal Grant program. Primarily, it created a larger set of 154 ineligible postsecondary schools with a cohort default rate above 15.5% or a graduation rate below 30%. As before, continuing students saw their award amount reduced.[5] In both years these rules did not apply to institutions where 40% or less of their undergraduate students borrowed federal loans, which was designed to ensure that community colleges were not impacted by this policy change. Appendix B shows the full list of ineligible institutions.

4 Data and Empirical Method

4.1 Data

CSAC provided student-level administrative data on all Cal Grant applicants who submitted the FAFSA and GPA verification forms by the March 2 deadline from 2007 through 2012. Throughout the paper we refer to the applicants as two distinct groups: "traditional" students, indicating high school graduates applying for the Entitlement grant, and "non-traditional" students, indicating older students who apply for the Competitive award. The traditional sample includes students who met minimum GPA and income requirements and were offered, but did not necessarily use, a Cal Grant award. For the non-traditional group we include all eligible applicants who may or may not have earned an award depending on the year-specific eligibility threshold for the Competitive award. The data elements consist of variables typically collected on the FAFSA (e.g., income, family size, dependency status, educational level, the list of schools to which information should be sent), along with student GPA that determines Cal Grant eligibility. Students can re-apply in later years so we include only the first application year for each individual; this is relevant for the non-traditional sample but has no impact for traditional students who almost immediately age out of award eligibility for the Entitlement award.

Outcome data come from two sources. The first is administrative CSAC data which tracks annual Cal Grant payments for each student and identifies the college receiving the award. Students may be offered a Cal Grant award but not use it if: they choose not to attend college; they attend

[5]For students wishing to attend any private institutions, the Budget Act of 2012 saw the maximum award reduced $485 (from $9,708 to $9,223). Continuing students at now-ineligible institutions thus experienced a 20% reduction to $7,380 (from the new base of $9,223).

college out of state; they choose to attend an ineligible institution (either schools made newly ineligible or smaller schools that are not Title IV eligible); if they are only eligible for Cal Grant A but choose to attend a community college, or; if they place their award on hold, a method most typically used by community college students who prefer to apply the award after potentially transferring to a four-year college in the future, though this does not happen much in practice. The second data source are individual-level data on postsecondary attendance and completion from the National Student Clearinghouse (NSC), which collects information on more than 98 percent of students enrolled in public and private colleges within the United States. With both datasets we observe students' college trajectories through 2015-16, which includes four years after the last 2012 cohort submitted their Cal Grant application.

We are unable to link all applicant records to the National Student Clearinghouse data due to cost considerations. We trim our samples in two ways. For the non-traditional sample, we observe all students who listed an ineligible for-profit who were up to 15 points below and 25 points above the eligibility cutoff, which includes 34,649 observations.[6] For traditional students we first select all high school graduates who list any for-profit institution on the FAFSA, as these students comprise our treatment group. We then construct a comparison group using coarsened exact matching (CEM) techniques (Iacus *et al.*, 2012). This approach minimizes potential bias between the treatment and control groups by implementing direct matches on student characteristics, rather than relying on propensity score methods that rely on functional form assumptions linking observable characteristics to treatment assignment. We match students on a limited set of characteristics: application year; sex; terciles of neighborhood income based on Census data; and three categories which determine whether a student was eligible for Cal Grant A only, B only, or could choose between either award. This last category accounts for basic differences in GPA and income between students as it is based on income and GPA cutoffs. We then select one random control student within the CEM strata that is then assigned as a match to the treated student. This is done without replacement, leading to 51,116 students evenly split between treatment and control.

Unfortunately, many for-profit institutions do not report data to the NSC, complicating our

[6]Competitive award points exhibit a normal distribution, with the eligibility cutoff falling roughly one standard deviation above the mean each year. As there are significantly fewer students above the cutoff than below, we select a larger bandwidth above, though results are invariant to this choice.

analysis of enrollment and completion effects. (This does not affect estimates on Cal Grant usage, which are observable for all students). To deal with this issue we use a subsample of students who list FAFSA colleges that have "good" coverage properties in the NSC data. Our method to define good coverage is as follows: (1) identify students with a Cal Grant payment, which accurately identifies enrollment; (2) observe whether that individual also appears in the NSC data; (3) aggregate this statistic up to the college level, and; (4) define good coverage as colleges where more than 60% of the students receiving Cal Grant payments appear in the NSC data. (In practice most schools are at the extreme end of the spectrum with either few missing or almost all missing). We observe good coverage for a few large for-profit chains that are popular in our sample, including Devry, Heald, ITT, and the University of Phoenix, although most for-profit colleges have poor coverage rates. (See Appendix Table AT2 for a more detailed breakdown.) In addition, most for-profits with good coverage rates were those that became ineligible in 2012 and not those in 2011, so NSC subsample regressions eliminate most applicants who list a for-profit that became ineligible in 2011 or never became ineligible.[7]

Table 1 provides descriptive statistics, separately for the traditional and non-traditional samples. The first two columns show values for the traditional applicants who listed an ineligible for-profit and their matched comparison group, and the remaining columns show non-traditional students who scored above and below the eligibility threshold. The traditional sample matches the profile of typical low-income high school graduates, as these students are mostly 18 or 19 years old with generally low GPA (2.7) and family income ($21,200), and most have dependent tax-filing status (87%). Background characteristics between students who listed a for-profit and the matched comparison group are generally similar by construction. The non-traditional sample averages roughly 30 years old and is generally lower income and higher GPA than the high school sample; this is due in part to the fact that we focus on students near the Competitive award eligibility cutoff, and students with low income and high GPA score higher on this index.

Traditional and non-traditional applicants differ significantly in how they approach the college

[7]NSC results are similar when focusing just on students who list 2012 ineligible colleges. We classify students who list both 2011 and 2012 ineligible colleges as belonging to the 2011 group, but results are invariant to the inclusion or omission of these few students. In the non-traditional sample, 73% of students who list a 2012 ineligible college have good coverage rates, compared to 16% who list 2011 ineligible colleges and 0% of for-profits that were not eliminated, which is the primary reason we do not focus on this last group for comparison purposes. In the traditional group the comparable statistics are 48%, compared to 7% and 0%, respectively. Students who do not list for-profits have good coverage 84% of the time, as most public colleges and universities report to the NSC.

Table 1: Descriptive Statistics

	Traditional High school Entitlement sample		Non-traditional Competitive sample	
	Treatment: Listed ineligible for-profit	Control: Matched comparison group	Treatment: Scored above threshold	Control: Scored below threshold
N	25558	25558	16356	18283
Demographics				
GPA	2.72	2.81	3.35	3.04
Income	$21,232	$22,292	$16,069	$17,265
Female	62.4%	62.4%	71.6%	62.9%
Dependent	86.8%	90.9%	12.5%	17.2%
Family Size	4.0	4.0	3.0	2.9
College-educated parent	21.8%	26.6%	21.3%	32.7%
Age	18.4	18.2	30.9	30.2
FAFSA listings				
Number of schools	3.4	3.6	1.1	1.1
Only 1 school	36.5%	33.4%	94.7%	95.4%
2011 ineligible for-profit	35.6%	0.1%	21.4%	18.8%
2012 ineligible for-profit	70.7%	0.0%	79.2%	81.5%
Community college	49.4%	60.1%	3.5%	2.6%
California State University	26.8%	49.9%	0.9%	0.9%
University of California	8.0%	22.2%	0.3%	0.3%
Private, non-profit	13.7%	17.2%	2.0%	1.9%
Out of state	10.2%	12.0%	0.7%	0.7%
Cal Grant usage (2007 - 2010 cohorts)				
Received payment	52.9%	62.1%	68.4%	13.8%
Payment at for-profit	34.3%	0.8%	65.7%	13.5%
Payment at community college	12.6%	28.8%	1.1%	0.1%
Payment at four-year college	5.9%	32.4%	1.6%	0.2%
Expenditures conditional on receiving a payment				
First year	$4,324	$2,474	$8,341	$2,529
Total	$13,136	$13,575	$13,896	$5,380

enrollment decision. First, high school students generally list multiple schools on their FAFSA, with for-profit applicants listing an average of 3.4 colleges (median = 2). Among high school students listing an ineligible for-profit, 49% also listed a community college, 28% listed a CSU, 27% listed a UC, 14% listed a private, non-profit, and 10% listed an out-of-state college, suggesting that these students are considering a variety of postsecondary options. This is not the case for non-traditional students, who rarely list alternate schools on their FAFSA, with an average of 1.1 colleges; the most common outside option is a community college, but this occurs on only 4% of applications. As discussed in Gurantz (Forthcoming), this likely occurs for two reasons: non-traditional students

are more constrained in their choice sets due to additional family and work commitments; and many applicants are continuing students already enrolled in a postsecondary institution and so list only one school on their FAFSA, rather than high schoolers entering the postsecondary sector who are weighing various options.

Differences in college listings results in varying patterns of Cal Grant usage, with traditional students both less likely to use the award and less likely to do so at a for-profit college. Focusing just on early cohorts unaffected by the policy shift, only 53% of high school students listing a for-profit used the award, with 34% at a for-profit, 13% at a community college, and most not enrolling in college at all. Among non-traditional students 68% who met the eligibility criteria used the award and almost all of them did so at for-profit colleges. For both groups, if we focus on students who actually used the award we find slightly over $13,000 in expenditures per student over a four-year period.

4.2 Empirical Method

We use a differences-in-differences (DD) strategy to construct a causal estimate of the change in Cal Grant institutional eligibility standards on student outcomes. As discussed above, the new criteria resulted in a large group of low-performing colleges (mainly for-profit institutions) ineligible to receive Cal Grant funds. As our sample only consists of California applicants (all of whom were subject to the policy change), we identify our treatment group through an instrument that strongly predicts attendance at a for-profit institution, but is exogenous to the policy change. Our approach is to use the set of institutions listed on a student's FAFSA to differentiate eligible students who are interested in for-profit colleges, who are likely to be impacted by the policy shift, from students who are theoretically unaffected by the policy.

FAFSA preferences are assumed to be exogenous to the policy change as students were required to submit school preferences by the March 2nd FAFSA submission deadline, whereas the policy actions occurred at the end of March 2011 and June 2012. Thus, students' listed preferences were recorded prior to the policy change and should be an accurate indication of their true preferences based on the assumption, correct at the time of application, that they were eligible to utilize Cal Grants to attend those institutions. Regardless of the policy change, students interested in schools later deemed ineligible to receive Cal Grants still had reason to list those institutions

on their FAFSA form for reasons independent of Cal Grant award eligibility. For example, a traditional high school student would want to use the Pell Grant at any one of the institutions they were considering, even if they might have (somehow) harbored suspicions as to future Cal Grant eligibility.

Figures 1 and 2 illustrate the impact of these two policies on Cal Grant utilization at for-profit institutions for traditional high school graduates and non-traditional students, respectively, with each figure reflecting our empirical strategy. We divide the non-traditional sample into four groups, based on whether a student listed the following on the FAFSA: (1) a for-profit school that became ineligible in 2011; (2) a for-profit school that became ineligible in 2012 (but was eligible in 2011); and for each of these two groups, whether or not the student was above and below the eligibility threshold. Figure 1 shows that roughly 60-70% of those initially offered the award received a financial aid payment at a for-profit the following year. Some students below the cutoff were able to become Cal Grant eligible, but this only led to roughly 10% to 20% Cal Grant usage at a for-profit college, producing a large first-stage difference in award receipt based on their position relative to the eligibility threshold.[8] The implementation of the policy led to sharp declines in for-profit usage, essentially eliminating the gap in aid receipt once the state rescinded for-profit eligibility.

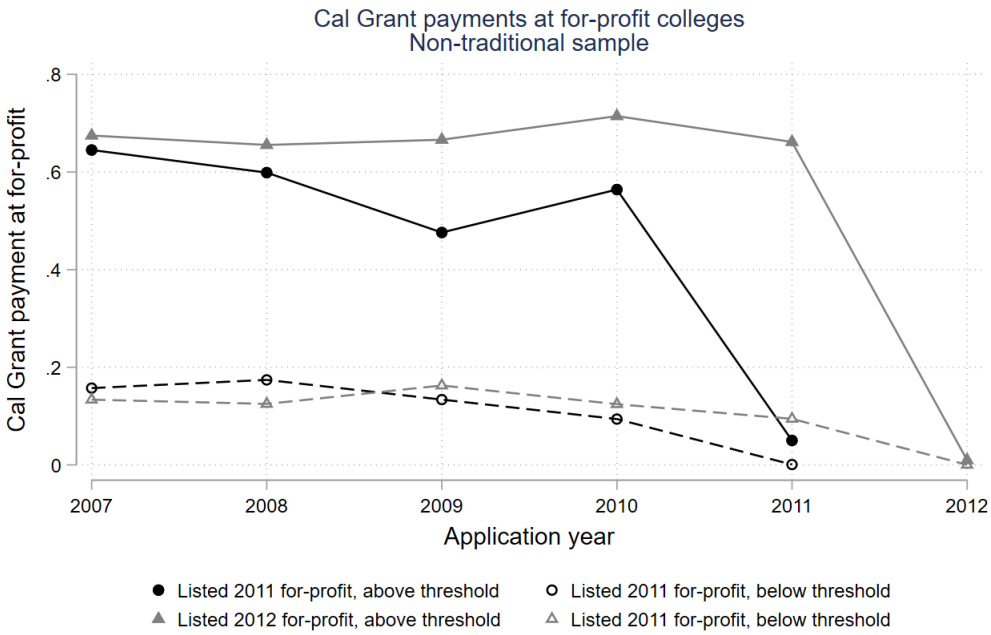
For the non-traditional, Competitive students, our basic estimation framework is a difference-in-difference design that compares students above and below the threshold, though later robustness checks show regression discontinuity results are identical. Our estimating equation is:

$$(1)\ Y_{ict} = \beta_0 + \beta_1\, Treatment_{ict} + \delta_t + \mu_c + Eligible_{it} + \epsilon_{ict}$$

For this framework, Y_{ict} is the outcome of interest for student i who lists for-profit college type c (we refer to this as their "FAFSA group") in cohort t; δ_t and μ_c are respectively year and FAFSA group fixed effects, and $Eligible_{it}$ indicates whether or not student i is above the Competitive eligibility threshold in year t. $Treatment$ is then a binary variable that takes on the value of 1 for

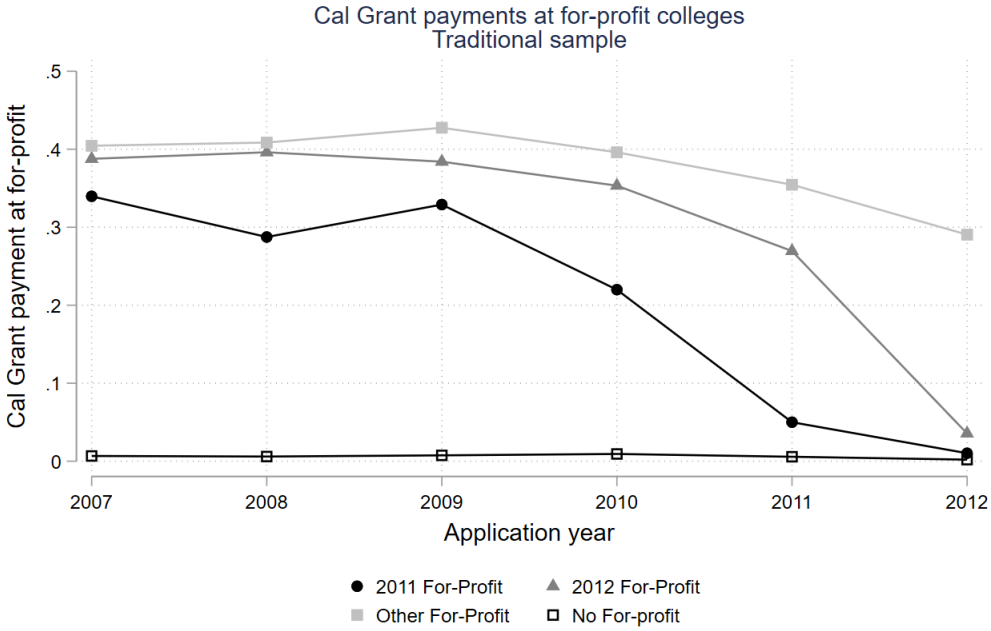
[8]Some students below the cutoff may ultimately receive a Cal Grant award by: petitioning to have their score corrected; becoming eligible for an alternate award, the Cal Grant C; or if there is error in the data that was provided to us by CSAC. Gurantz (Forthcoming) shows the validity of these data for regression discontinuity analysis (i.e., smoothness of covariates and density and the threshold), leading to the conclusion that any error in classification would be random and not associated with award eligibility. The Cal Grant C can also be used at for-profits but offers a much smaller subsidy of roughly $3,000 maximum for two years rather than four.

Figure 1: For-Profit Cal Grant Payments, Non-Traditional (Competitive) Students



Notes: Figure includes all non-traditional students who applied for the Competitive award, listed an ineligible for-profit on the FAFSA, and were within 15 points below and 25 points above the eligibility threshold. Outcome is the percent of students who received a Cal Grant payment at a for-profit college the year after first applying, disaggregated by whether they listed a: (1) 2011 or 2012 ineligible for-profit and (2) were above or below the eligibility threshold.

Figure 2: For-Profit Cal Grant Payments, Traditional (Entitlement) Students



Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Outcome is the percent of students who received a Cal Grant payment at a for-profit college the year after first applying, disaggregated by whether they listed a: (1) 2011 ineligible for-profit; (2) 2012 ineligible for-profit; (3) a for-profit that maintained eligibility; or (4) no for-profit college.

eligible students who listed a 2011 ineligible for-profit college on their FAFSA in 2011, or students who listed a 2012 ineligible for-profit college on their FAFSA in 2012.[9] Thus β_1 is our parameter of interest that identifies the causal impact of the policy shift on students' enrollment decisions. We report heteroscedasticity consistent standard errors as our error term ϵ_{ict}.

For the traditional, Entitlement sample, we divide applicants into four groups, based on whether a student listed the following on the FAFSA: (1) a for-profit school that became ineligible in 2011; (2) a for-profit school that became ineligible in 2012 (but was eligible in 2011); (3) no for-profit schools; and (4) just for illustration purposes, a for-profit school that never become ineligible

[9]Technically, $Treatment_{ict}$ is also 1 for students who in the academic year 2012 listed a 2011 ineligible for-profit college. For non-traditional students we find that very few students did so in practice, as the elimination of these colleges the prior year left non-traditional students with little motivation to submit their GPA verification form to apply for the award. We remove these students from the analysis because they are exceedingly few in number, though their inclusion does not change results. This is not true below for traditional students, who actively considered many different colleges simultaneously and (as noted above) would still prefer to list ineligible colleges on their FAFSA for potential Pell Grant or federal loan eligiblity to attend those colleges.

(these students are not used as control group students as none of these colleges reported enrollment data to the NSC). Figure 2 shows that early in the pre-period roughly 40% of traditional students who listed a for-profit on their FAFSA used the Cal Grant award at a for-profit institution, but this value had dropped to 27% by 2011 for the largest group of students listing soon to be ineligible for-profits. In addition to some students not attending college, Cal Grant usage at for-profits was lower for high school students because they frequently chose to enroll in alternate postsecondary sectors, such as community colleges, or attended college out of state. Students who listed for-profits that remained eligible under the program were generally unaffected, though we note relative declines in award utilization over this time period (Figure 2), perhaps as negative publicity surrounding for-profit colleges became more expansive.[10] As expected, the policy change eliminated Cal Grant usage at for-profit colleges but had no impact on for-profit utilization among students who did not list any for-profit institution on the FAFSA. Although for-profit interest was declining during this period, it was not obsolete. As shown by the continued interest among the few students whose for-profits were not cut from the program, it is likely that many students would have chosen to use their Cal Grant at for-profit colleges in 2012 if they remained eligible.

For the traditional student analysis, we adjust our methodology to account for the downward sloping pre-treatment trend observed in Figure 2.[11] Rather than the typical group-and-year two-way fixed effects approach, we parameterize year as a linear variable, in addition to including year and group fixed effects. In specification charts below, we estimate this model under a number of different conditions and find that some results are fairly sensitive to the specification used.

Our empirical model is then specified as follows:

$$(1)\ Y_{ict} = \beta_0 + \beta_1\ Treatment_{ict} + year_c + \mu_c + \epsilon_{ict}$$

In this estimation, Y_{ict} is the outcome of interest for student i who belongs to FAFSA group c in cohort t, where there are three groups, including those who listed a 2011 ineligible for-profit, a 2012 ineligible for-profit, or neither (and serves as the comparison group). The variables $year_c$ and μ_c area linear time trend and fixed effects for each FAFSA group respectively. $Treatment$

[10] As discussed above, nationwide enrollment in for-profit institutions expanded significantly in the 2000s peaking in 2009. Trends in for-profit enrollment in California followed similar trends peaking in 2010 before seeing declines in 2011 and 2012 and then increasing again in 2013 (see Appendix Figures AF1 and AF2).

[11] We cannot use the publicly known GPA and income eligibility thresholds to estimate impacts for the traditional Entitlement sample as applicants often choose not to apply when they are ineligible for the award.

is a binary variable that takes on the value of 1 for eligible students who listed a 2011 ineligible for-profit college on their FAFSA in 2011 or 2012, or students who listed a 2012 ineligible for-profit college on their FAFSA in 2012.[12] Thus β_1 is our parameter of interest that identifies the causal impact of the policy shift on students' enrollment decisions. We report heteroscedasticity consistent standard errors as our error term ϵ_{ict}.

Our approach relies on the validity of our categorization of students into treatment and control groups. As discussed above, we use the schools that applicants listed in their FAFSA as an indication of their interest in attending ineligible for-profit institutions. Those applicants indicating an interest in the soon-to-be ineligible institutions were placed in our treatment group. A key assumption of this approach is that the schools listed by applicants on the FAFSA reflects their true preferences prior to any knowledge of the policy changes. This assumption is plausible because the policy changes were announced after the Cal Grant application deadline, and therefore, after applicants had submitted their FAFSA forms.

The primary threats to our identification strategy are changes in observed or unobserved factors (distinct from the policy change) that shift college-going decisions over time and differ between our treatment and control groups. We show below that results exhibit similar pre-treatment trends in sector of postsecondary attendance, and are robust to inclusion of covariates that account for slight differences across cohorts. In addition to these statistical checks, there are a number of other reasons our approach eliminates or dramatically reduces potential confounding bias. This policy change occurred significantly after the worst parts of the Great Recession, which began in 2007 and drove large changes in college enrollments. Another consideration is that there were no tuition increases in California's public system between 2011-12 and 2012-13, the two years that span the largest policy change, though there were some substantial increases in previous years. Finally, for the non-traditional sample, the threshold values for student eligibility from 2009 through 2012 were 161, 163, 165, and 165, respectively, so there was little change to the marginal student across this time period.

[12] In contrast to the non-traditional sample, we find that many students graduating high school in 2012 still listed 2011 ineligible for-profits as a potential college, as they were considering a multitude of colleges and this would have been needed to be Pell-grant eligible.

5 Results

5.1 Non-Traditional "Competitive" Cal Grant applicants

We begin with non-traditional students. The results in Table 2 show that the policy change led to a large decline in Cal Grant usage for the treatment sample, reflected in Figure 1, and resulted in the near complete abandonment of the Cal Grant. That abandonment suggests that the students in our sample have almost fully inelastic preferences for for-profit enrollment.

Table 2 shows that Cal Grant usage at for-profit colleges declined 62 percentage points. This is the entire gap in for-profit usage in the pre-periods, where about 70% and 10% of students above and below the cutoff used the Cal Grant award at a for-profit (see Figure 1). Another way to examine this difference is by examining changes to the use of Cal Grant aid in other postsecondary sectors. There is no evidence that the non-traditional students were interested in enrolling in other postsecondary sectors. The increase in the proportion of students who choose to forego the Cal Grant altogether (63 percentage points) almost identically matches the decrease in Cal Grant usage at for-profit colleges. There is no observed shift of Cal Grant payments into two-year public colleges or four-year colleges (including both public or private, non-profits), and confidence intervals reject increases in enrollment larger than one-half of one percentage point. As a result of this policy shock, the total dollars spent per non-traditional, for-profit applicant dropped roughly $6,470 in the first year, almost fully eliminating the prior state expenditures of $6,977 per student per award offer.

The large changes in Cal Grant usage after one year dissipate quickly over time, from 62 percentage points in the first year to 1 percentage point in the fourth year. (We track year-by-year Cal Grant usage for the four years of eligibility in Appendix Table AT3, but Table 2 shows Cal Grant usage just in the fourth year.) The reason is relatively straightforward-exit rates from for-profit colleges are extremely high, and even in years where the policy existed only 3% of initially eligible students were still using their award four years later. As a result, the total dollar amount that the state saved over the four year lifetime of the award offer is approximately $10,013 (with a standard error of $147), completely eliminating the average state expenditure of $9,984 for the cohort just prior to the policy change.

However, the large decline in Cal Grant usage does not translate into meaningful drops in

Table 2: Impact of for-profit policy change on non-traditional students' Cal Grant usage, postsecondary enrollment, and attainment

	Cal Grant payments		National Student Clearinghouse data				
			Enrollment		Four-year degree completion		
	1st Year	4th year	1st Year	4th year	AA	BA	Any
Total payments ($)	-6469.92**	-78.68**					
	(70.90)	(17.71)					
Baseline	6976.58	72.32					
For-profit	-0.623**	-0.011**	-0.020	-0.008	-0.002	-0.015	-0.008
	(0.007)	(0.002)	(0.014)	(0.011)	(0.013)	(0.015)	(0.016)
Baseline	0.706	0.006	0.800	0.136	0.287	0.345	0.591
CC	-0.000	-0.001	-0.015*	-0.003	-0.002	-0.000	-0.002
	(0.002)	(0.002)	(0.006)	(0.007)	(0.002)	(0.000)	(0.002)
Baseline	0.008	0.003	0.038	0.048	0.005	0.001	0.005
Four-year	-0.006*	-0.004+	-0.000	-0.016*	0.000	0.001	0.001
	(0.003)	(0.002)	(0.004)	(0.007)	(0.001)	(0.002)	(0.002)
Baseline	0.019	0.008	0.020	0.046	0.000	0.006	0.006
None	0.630**	0.016**	0.033*	0.024+			
	(0.007)	(0.004)	(0.013)	(0.014)			
Baseline	0.268	0.984	0.170	0.781			

Notes. + p<0.1 * p<0.05 ** p<0.01. Non-traditional students who applied for the Competitive award receive a score between 60 and 200 points, with the award eligibility threshold ranging from 153 to 165 across years. This sample includes all students who were within 15 points below and 25 points above the eligibility threshold, and listed a for-profit on the FAFSA that became ineligble in 2011 or 2012 and had good National Student Clearinghouse coverage, for a total of 21,396 observations. Baseline values are means for applicants who listed an ineligible for-profit on their FAFSA, first applied in the year prior to the for-profit became ineligible, and were above the eligibility threshold.

for-profit enrollment or any increase in enrollment at other two-year or four-year colleges. NSC data (Table 2, columns 3 and 4) show a statistically insignificant two percentage point decline in for-profit enrollment from a baseline of close to 80%. Four years later the difference in for-profit enrollment is a statistically insignificant -0.8 percentage points. (Year-by-year NSC enrollment results are in Appendix Table AT4.)[13]

[13]NSC results actually show a slight increase of about three percentage points in the number of treated students who choose no postsecondary enrollment in the first year, once all sectors are taken into account. This appears slightly strange at first glance, though one possible explanation is that when students were able to use their Cal Grant at for-profits, they could use other resources to attend educational institutions in multiple sectors; for example, when students were able to use their Cal Grant to pay tuition at their for-profit institution, it freed up money they could use to supplement the for-profit program with community college courses. At baseline about four and two percent of treated students attend, respectively, a public two-year or any four-year college.

Even with the policy change, essentially all non-traditional students remained in the for-profit sector without a Cal Grant. In addition, we find no large changes in degree completion after the policy change. The last columns of Table 2 show that the loss of aid led to mostly small and statistically insignificant decreases in degree completion. The largest single point estimate is a 1.5 percentage point decline in bachelor's degree completion at for-profit colleges. This result is consistent in magnitude with the four percentage point increase in for-profit bachelor's degree completion found in Gurantz (Forthcoming), which aggregates multiple years of data to produce more precise estimates of the impact of receiving a Cal Grant.

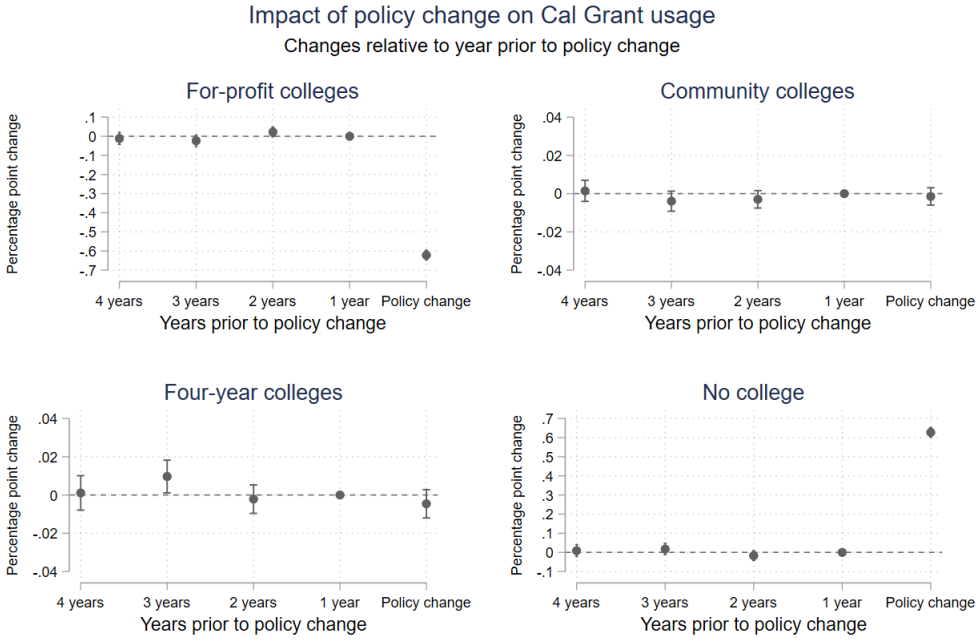
5.1.1 Non-Traditional "Competitive" Cal Grant applicants: Robustness Checks

We measure the robustness of these results in two primary ways. First, Figure 3 shows results on Cal Grant usage from a non-parametric event study design that centers the policy change on either 2011 or 2012 depending on which college was listed on the FAFSA, and includes the four years prior to treatment along with the treatment year; the omitted year is the year prior to the policy change. These figures provide evidence of parallel trends and confirm little to no impact on two-year or four-year Cal Grant usage outside the for-profit system. Appendix Figures AF3 and AF4 show similar pre-treatment trends when examining results on postsecondary enrollment or attainment as measured by NSC data.

Second, we examine how estimates change under reasonable adjustments to methodology or sample restrictions. Although the results above focus on the sample who list colleges with good NSC coverage, Appendix Table AT3 shows that the pattern of impacts on Cal Grant usage is the same when we use the full sample of students. A recent literature raises estimation concerns for difference-in-difference designs, particularly with staggered treatment timing, but Appendix Table AT5 mimics Table 2 with separate estimates for those listing 2011 or 2012 ineligible for-profit colleges, and results are essentially identical.[14]

[14]See Baker *et al.* (2021) for a summary of these estimation issues. Students listing 2011 ineligible for-profits are only 19% of the total non-traditional sample, but when we restrict the sample to those with good NSC coverage they only constitute 5% of the total sample as most of those colleges do not report enrollment data to the NSC. This explains why the treatment results are essentially the same between the full sample and the 2012 subsample, and why the 2011 only results produce noisy estimates. We also apply the "honest" difference-in-difference methodology by Rambachan and Roth (2020) to the non-traditional sample but, as expected, the results do not change our interpretation. For the large decline in for-profit usage the results are immune to even very large violations in pre-treatment trends, and otherwise this procedure simply reaffirms that our remaining results are null. We reserve more discussion of this technique for the traditional sample below, where the methodology is more useful.

Figure 3: Pre-treatment trends of Cal Grant usage, Non-Traditional, Competitive sample



Notes: Figure includes all non-traditional students who applied for the Competitive award, listed an ineligible for-profit on the FAFSA that had good NSC coverage, and were within 15 points below and 25 points above the eligibility threshold. Outcome is whether the student received a Cal Grant payment in the year after first applying, disaggregated by sector. Results are estimated by an event study design that centers students at zero for the year their for-profit of interest became ineligible, and omits the year prior to the policy change.

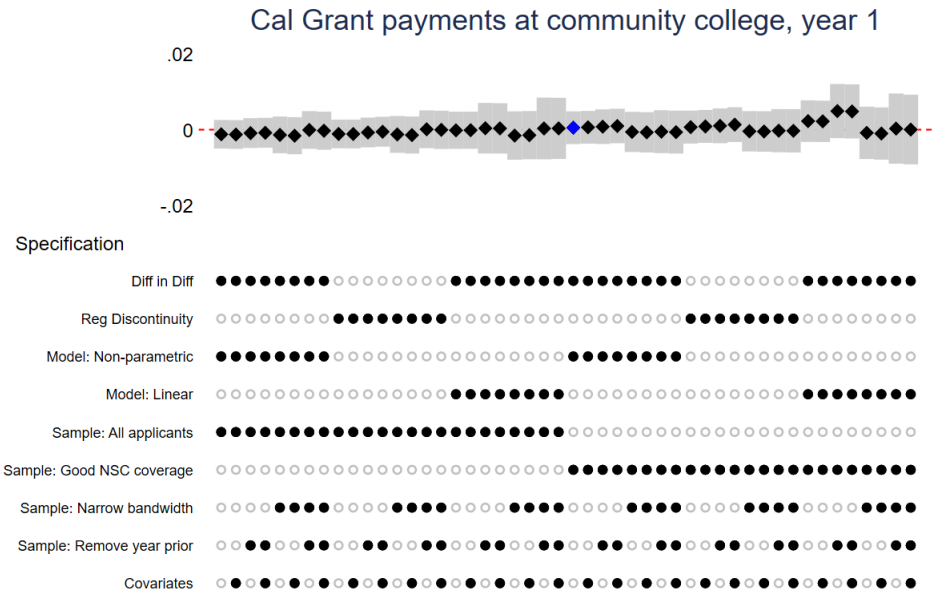
Finally, we include specification charts that vary the sample composition or estimation methodology in a number of alternate ways (Figure 4). For illustration we focus on Cal Grant usage at community colleges as the primary example. First, we use our main analysis on the NSC subsample from above and show results do not change if we: narrow the bandwidth to 10 points on each side; add covariates; or remove the cohort just prior to the relevant policy change.[15] We then re-estimate impacts that combines regression discontinuity (RD) and differences-in-differences designs and results are unchanged.[16] Finally, we re-estimate but use a more parametric design where we allow for-profit enrollment to change linearly for each separate group over our 2007 to

[15]We remove the prior cohort as a robustness check for two reasons. First, as interest in for-profits began to decline at this time, this cohort may theoretically experience sharp changes in enrollment rates that are distinct from the policy change. Second, the CSAC policy change allowed the existing cohorts to keep their for-profit Cal Grant but removed 20% of the subsidy in the first year, and then eliminated it altogether two years later. This loss may have negatively impacted the persistence of the immediately prior cohorts, though the full elimination was unlikely to affect many students as for-profit Cal Grant payment receipt was already extremely low at roughly 17% by the third year after being offered an award (see Appendix Table AT3).

[16]In practice, we estimate RD impacts in each year, treat the pre-period as baseline, and calculate how much the RD estimates change in the policy year.

2012 time period, and results are unchanged. (We include this approach as it is more useful for our estimation of impacts for the traditional high school sample below.) In all cases our results remain wholly unchanged, providing consistent evidence that non-traditional students did not shift their Cal Grant awards to support community college enrollment. Additional specification charts are provided in Appendix Figures AF6 through AF8, and use NSC data to examine for-profit and community college enrollment as well as degree completion from for-profit and alternate sectors, which are consistently small and statistically insignificant; results for four-year college enrollment are similar and omitted for brevity.

Figure 4: Specification Chart for Cal Grant usage at Community Colleges, Competitive



Notes: Figure includes all non-traditional students who applied for the Competitive award, listed an ineligible for-profit on the FAFSA, and were within 15 points below and 25 points above the eligibility threshold. Outcome is the percent of students who received a Cal Grant payment at a California community college the year after first applying. Each column in the specification chart is a separate estimate that varies by the methodology (diff-in-diff, regression discontinuity), modeling choice (non-parametric versus linear time trends in the diff-in-diff estimation), sample (all applicants, only those with good NSC coverage, bandwidth size, removing the year prior to the policy change), and inclusion of covariates.

5.2 High School "Entitlement" Cal Grant applicants

We present results for the traditional sample of high school students applying for the Entitlement award, using the same general structure as results reported above. Descriptive data above show

that these for-profit seeking students are more likely to list multiple colleges on the FAFSA and more likely to attend alternate postsecondary sectors, and so may also be more likely to respond to the loss of aid by shifting their enrollment patterns (see earlier Table 1 and Figure 2). The key issue for "traditional" high school students is a declining trend in taking the Cal Grant to the for-profit sector, even among students expressing interest in these for-profits, which leads us to include a linear time trend in our estimation strategy.

In Table 3 we present results from a model similar to Table 2, which focuses on our NSC subsample and includes all years from 2007 through 2012.[17] We note up front that the estimates in Table 3 are consistently the largest in magnitude, in terms of indicating that students might leave for-profits for alternate sectors, and that in robustness tests below many of these same estimates are closer to zero and statistically insignificant, particularly in models that eliminate the earliest cohorts.

Table 3 provides some evidence that traditional students interested in for-profits are more responsive to the loss of the Cal Grant than non-traditional students, even though most still chose to forgo state aid and stay enrolled in for-profit colleges. First, we find Cal Grant for-profit usage declines by 27 percentage points in the first year, but increases by six percentage points in community colleges. Counterintuitively, Cal Grant usage declines by five percentage points in four-year public or private, non-profit colleges. Examining actual enrollment based on NSC records, there was a seven percentage point decline in for-profit attendance, a four percentage point increase in community college attendance, and a statistically insignificant three percentage point decline in four-year enrollment, which altogether leads to a five percentage point increase in no college enrollment at all in the first year. By the fourth year after the program, we find the policy led to no changes in overall enrollment compared to prior cohorts, likely due in part to the high exit rates from for-profit colleges (41% of students in the prior cohort enrolled in a for-profit but only 10% were still there by year four). Year-by-year results on Cal Grant payments and enrollment patterns are shown in Appendix Tables AT6 and AT7. Results based on the full sample that does not condition on NSC coverage offer a similar pattern, with a 19 percentage point decline in for-profit usage, a four percentage point increase in community college attendance, and a smaller but still

[17] For brevity we avoid showing results from a non-parametric specification as the pre-treatment trends are consistently violated and clearly tend to overstate impacts on students shifts into alternate sectors.

negative two percentage point decline in four-year college attendance. The savings to the state as a result of this policy are smaller than for non-traditional students, as fewer traditional students took the award to the more expensive for-profit colleges, but still reached $1,708 in the first year and $2,329 over the lifetime of the grant.

Table 3: Impact of for-profit policy change on traditional students' Cal Grant usage, postsecondary enrollment, and attainment

	Cal Grant payments		National Student Clearinghouse data				
			Enrollment		Four-year degree completion		
	1st Year	4th year	1st Year	4th year	AA	BA	Any
Total payments ($)	-1707.51**	170.65					
	(188.84)	(171.50)					
Baseline	2690.69	772.10					
For-profit	-0.268**	0.023**	-0.068**	0.018	-0.060**	-0.015	-0.079**
	(0.015)	(0.007)	(0.020)	(0.013)	(0.011)	(0.011)	(0.015)
Baseline	0.318	0.030	0.409	0.101	0.109	0.071	0.178
CC	0.058**	0.012	0.042+	0.014	0.001	0.001	0.001
	(0.019)	(0.011)	(0.025)	(0.023)	(0.012)	(0.001)	(0.012)
Baseline	0.089	0.031	0.293	0.229	0.050	0.000	0.050
Four-year	-0.048*	-0.031+	-0.029	-0.040+	-0.001	-0.014	-0.015
	(0.020)	(0.018)	(0.021)	(0.021)	(0.001)	(0.011)	(0.011)
Baseline	0.080	0.071	0.106	0.122	0.000	0.022	0.022
None	0.258**	-0.004	0.048*	-0.001			
	(0.025)	(0.021)	(0.022)	(0.026)			
Baseline	0.513	0.868	0.231	0.567			

Notes. + p<0.1 * p<0.05 ** p<0.01. Traditional sample includes all students who were offered an Entitlement award by meeting income and GPA eligibility requirements as specified in Appendix Table 1. This sample includes all students between 2007 and 2012 who listed an ineligible for-profit that had good National Student Clearinghouse (NSC) coverage, and their matched comparison group as described in the text, for a total of 14,394 observations. Baseline values are means for applicants who listed an ineligible for-profit on their FAFSA and first applied in the year prior to the for-profit became ineligible.

The large attendance declines in for-profit colleges, combined with less aid for those who maintained their enrollment, led to a eight percentage point drop in degrees earned from for-profits, mostly from associate's degrees. Although some students may have shifted out of for-profits into community colleges, we find no evidence of increases in degree completion at community colleges after four years. Similarly, we find no evidence of any changes in degree completion from four-year

colleges.

We show below that Table 3 estimates are likely upper bounds for how much students are willing to shift into alternate postsecondary sectors, although we consistently find no evidence of gains in degree completion from other sectors. Nonetheless, taken at face value, even the largest estimates imply that of the students who lost aid, approximately 75% stayed in the for-profit sector (a 7 percentage point decline in for-profit attendance due to a 27 percentage point decline in aid usage).

5.2.1 High School "Entitlement" Cal Grant applicants: Robustness Checks

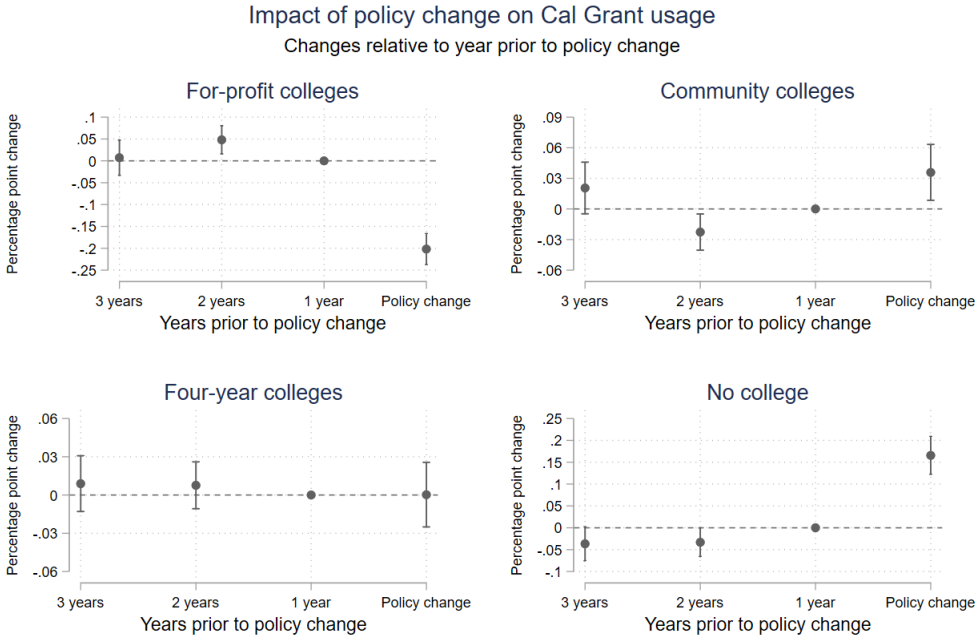
In our robustness checks, we consistently find that the loss of aid led most students to remain in for-profit colleges. In alternate specifications we tend to find that the shift into community colleges and out of four-year colleges to be smaller in magnitude and often statistically insignificant, and in some models the declines in for-profit attendance and degree completion become as small as 1 to 2 percentage points. The most important adjustment driving these estimates towards zero is restricting the sample to only more recent years of data (e.g., starting in 2009 rather than 2007), due to the declining trend in for-profit usage in the pre-period even among eligible students.

Figure 5 shows generally flat pre-treatment trends based on our linear model, though a few estimates are significantly different from zero.[18] This occurs as fitting a linear trend to the model results in some small deviations from prior years, which explains some of the subsequent sensitivity, but still corrects significant problems with pre-treatment trends in the non-parametric two-way fixed effects model (results not shown). Similar to the non-traditional sample, Table 3 uses the subsample of students with available NSC outcome data, and Appendix Table AT6 shows fairly similar patterns when we use the full sample of students.

Figure 6 shows a specification chart examining first-year usage of the Cal Grant at community colleges, varying results by whether our model: (1) includes year dummies, in addition to the linear trend; (2) uses the full sample or NSC subsample; (3) uses 2007, 2008, or 2009 as the initial data year; and (4) includes covariates. Across specifications, the point estimates on shifts into

[18]This model: centers year on 2011 or 2012 depending on which for-profit (and associated matched group) was listed on the FAFSA; uses a balanced panel of five years including four years prior to treatment and first post-treatment year; estimates a linear function for each group between four years and one year prior to treatment, and; adds dummy variables for the remaining years. Appendix Figures AF9 and AF10 show similar pre-treatment trends for NSC enrollment and attainment.

Figure 5: Pre-treatment trends of Cal Grant usage, Traditional Entitlement sample

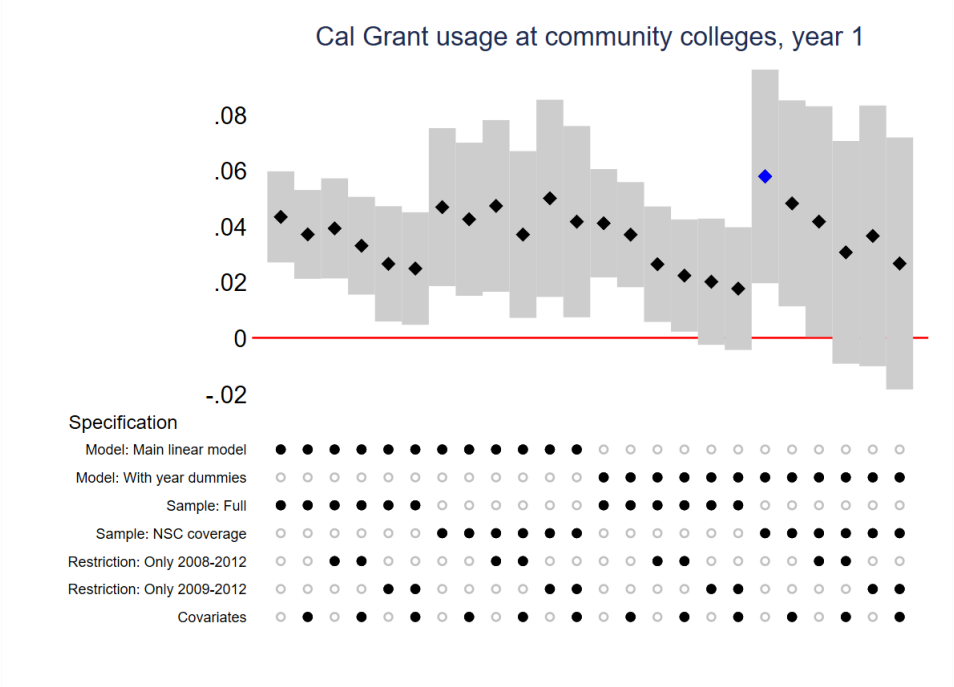


Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college that had good NSC coverage or were part of the matched comparison group, as described in the text. Outcome is whether the student received a Cal Grant payment in the year after first applying, disaggregated by sector. Results are estimated by an event study design that includes linear time trends, centers students at zero for the year their for-profit of interest became ineligible, and omits the years one and four years prior to the policy change.

community college vary from roughly two to six percentage points, and are mostly statistically significant. Point estimates are smallest when we start with the 2009 data, a consistent pattern across later specification charts. Changes in point estimates are also related to variation in the actual size of the first-stage decline in for-profit usage, which is closer to 30 percentage points in models starting in 2007 but declines to as low as 15 percentage points in models that start with 2009 data; this specification chart is shown in Appendix Figure AF11.

Additional specification charts, provided in appendices, tell a story of generally small shifts into alternate sectors, at least relative to the policy induced decline in state aid receipt, with somewhat high variability in point estimates making it difficult to draw strong conclusions beyond students' general preference for for-profit enrollment. Charts for Cal Grant usage in the four-year sector are provided in Appendix Figure AF12, and using no Cal Grant in Appendix Figure AF13. Estimates on shifts into four-year colleges that are almost all zero, with the larger negative

Figure 6: Specification Chart for Cal Grant usage at Community Colleges, Entitlement



Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Outcome is the percent of students who received a Cal Grant payment at a California community college the year after first applying. Each column in the specification chart is a separate estimate that varies by the modeling choice (whether or not year dummies are included), sample (all applicants, only those with good NSC coverage, omits 2007, omits 2008), and inclusion of covariates.

estimates, as in Table 3, driven only by models that use the NSC subsample and include year dummies. Specification charts for NSC enrollment results for for-profit, community college, four-year and no enrollment are in Appendix Figures AF14, AF15, AF16, and AF17. Point estimates for the declines in for-profit enrollment vary quite widely from 1 to 9 percentage points, enrollment increases in community colleges vary from 1 to 4 percentage points, and declines in four-year college enrollment varying from 0 to 3 percentage points, leading to declines in overall enrollment that vary from 0 to 5 percentage points. Finally, Appendix Figures AF18, and AF19 examine changes in degree completion from for-profits versus other sectors. Estimates on declines in for-profit degrees fluctuate between 2 and 9 percentage points, whereas estimates on degree changes from other sectors are consistently null, at roughly negative one percentage points.

As is clear from the prior paragraph, our results indicating shifts into alternate postsecondary sectors vary quite significantly across specifications, suggesting we should be cautious in

our interpretation as to whether and how much students shift out of the for-profit sector when aid is restricted. An additional way we examine this is to apply the "honest" approach of Roth and Rambachan (2020) and, as might be expected, for all outcomes our confidence intervals include null values if we assume even incredibly small deviations from parallel trends (e.g., if the pre-treatment trend in an outcome varies by even one percentage point per year the confidence interval includes insignificant estimates, even though Figure 5 shows typical year-to-year variation is much larger). The only exception in this analysis is the clear impact of the policy change on decreasing Cal Grant usage at for-profit colleges.[19] Although many have raised estimation concerns for some differences-in-differences designs, they do not change our results for a few reasons: (1) a "stacked" approach that estimates results separately for students who list 2011 and 2012 for-profit colleges, against their matched comparison group, produces similar results, though the 2011 estimates are very noisy due to the much smaller sample size, as shown in Appendix Table AT8, and; (2) we study immediate effects in the first treated cohort, and so are not subject to issues of dynamic treatment effects that often bias aggregated results.[20] (Results estimated via Callaway and Sant'Anna (2021) produce similar estimates and are omitted for brevity.)

5.3 Exploratory Analysis of Inelastic Preferences

In this section we consider why we might observe inelastic preference for for-profit attendance, and discuss these results in the concluding section. One important consideration is that our results are specific to the context of our study, where students are losing state aid in a surprising manner but are still theoretically eligible for federal grants and loans. The second consideration is that, as with all administrative data, we have only a limited range of variables available to test for differences between groups. For example, one possibility is that for-profit colleges induce enrollment through aggressive outreach practices that prey on people's fears, or offer some financial inducements (e.g., "free" laptops) in response to the policy change, and we are unable to observe whether these actions occur.

[19] Appendix Figures AF20 and AF21 show estimated impacts of the policy change on using a Cal Grant at a for-profit and community college, respectively, varying the parameter M (e.g., assumption about annual change in pre-treatment trend) from one to four percentage points. Although the Cal Grant usage at for-profits remains robust to a very large pre-treatment trend, even a one percentage point shift shows a wide range of possible treatment effects for shifts into community colleges.

[20] Similarity in results when disaggregating by type of college listed is again due to the relatively small number of students listing 2011 ineligible for-profits (only 8% in the NSC subsample).

One potential reason for inelastic preferences is if students are interested in programs offered by for-profit colleges that are inaccessible at alternative colleges (Gilpin *et al.*, 2015). For example, health professions are in high demand and financially remunerative, but California's community colleges are oversubscribed and incapable of meeting total demand (Grosz, 2020). To examine potential mismatch we observe a proxy for field of study by counting total degrees earned in the NSC data, using the first two digits of the CIP provided and aggregating some CIP codes to highlight patterns found in the data.[21]

We find large differences in the types of degrees earned by students in for-profit colleges, relative to alternate institutions. Figure 7 shows that among traditional students who earned a for-profit degree, 46% did so in a Health Professions field, compared to only 4% in two-year and four-year colleges. An additional 27% of for-profit degrees earned were in Business, IT, and Engineering Tech fields, over twice as much as other colleges. Only 3% of students in for-profits earned a degree in General or Social Sciences, although these degrees are incredibly common and constitute 26% of total degrees outside for-profits, likely in part as they are earned by community college students looking to transfer to four-year colleges.[22]

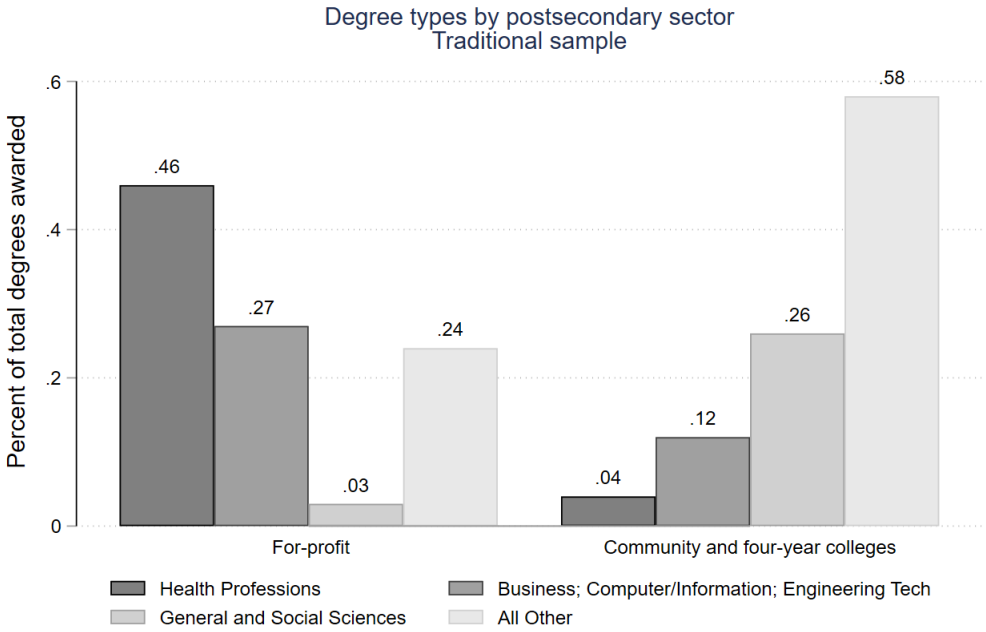
Another hypothesis is that for-profits, at least during this time period, offered more flexible course arrangements and modalities that would be attractive to students. We cannot identify how students took their courses, but can examine whether distance to a community college matters, under the assumption that students living farther from a community college might have more inelastic preferences given the higher barriers to public college enrollment. Appendix Table AT9 shows that interacting distance to the closest community college has no predictive power on any treatment effects, suggesting that the inelastic preferences might not be driven by differences in modality.[23]

[21]Not all recorded majors have a CIP code in the NSC data, and we find disparities across sector as 55% of for-profit degrees had a CIP code compared to 80% of community colleges and four-year colleges.

[22]Results are generally similar if we compare to two-year or four-year colleges separately, rather than combining the two. CIP code mappings are Health Professions (51), Business (52), Computer and Information Services (11), Engineering Tech (15), Liberal Arts and Sciences, General Studies, and Humanities (24), and Social Sciences (45). One note is that most Engineering degrees at public colleges are CIP code 14, which differs from the more vocationally oriented degrees in CIP code 15. We find roughly similar results for non-traditional students, with for-profit degrees of 24%, 40%, and 3% in health professions, the aggregated business and engineering category, and general and social sciences, relative to 8%, 16%, and 20%.

[23]We include both a distance measure as a control and then interact distance with our treatment outcome. We do not observe traditional students' home address but can observe the high school they attended, and measure distance between high school and closest community college as identified by IPEDS data. The distribution indicates all students lived between 0.4 and 81 miles of a community college, with an average of 4.6 miles and 75th and 90th

Figure 7: Distribution of degrees earned by CIP code, Traditional students



Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, either listed a for-profit college that had good NSC coverage or were part of the matched comparison group, and earned a degree in the NSC data. Outcome is the two-digit CIP code of the NSC degree, disaggregated by Health (51), Business; Computer/Information; Engineering Tech (11,15,52), General and Social Sciences (24,45), and all other CIP codes.

A final consideration is whether students are unwilling to shift enrollment because they had already enrolled and been unsuccessful within the community college system. Among non-traditional students, NSC data show that 41% attended a community college in the three years prior to their Cal Grant application, and if they had poor prior experiences they may be less responsive to aid loss than those who had not attended recently. This is not the case in our data, as Appendix Table AT10 shows no difference between these two groups in their responsiveness to the loss of aid.[24]

percentiles of 9.3 and 25.8 miles, respectively. Appendix Table AT9 presents results that uses a linear distance that is topcoded at 30 miles, but alternate estimates that topcode distance at 10, 15, and 20 miles, or that divide the sample into distance terciles and compares point estimates, produces similar results.

[24]We do not do this analysis for traditional students as relatively few attended community college the prior year.

6 Conclusion

We use data from the Cal Grant, the largest merit- and need-based state aid program in the nation, to examine how eliminating public subsidies to attend for-profit institutions impacts students' college enrollment and completion behavior. We find that both traditional and non-traditional students significantly decreased Cal Grant usage in the for-profit sector. While we find some evidence of partial substitution into community colleges by traditional students, we find no such evidence of substitution among non-traditional students. This inelasticity does not appear to be explained by either distance to, or poor prior experience with, community colleges.

Before discussing implications, we must compare the California policy to federal law and policy. From the student perspective, the negative financial shock to grant aid in this paper is significantly larger than what would be experienced under the loss of Title IV eligibility. The Cal Grant award subsidizes roughly $9,700 per year for four full years, whereas the maximum Pell grant was $5,550 in 2012-13, with current regulations providing six years of lifetime eligibility. Our data show that for-profit students have low retention rates and quick time to degree completion, implying that the student-level grant aid loss exceeds federal analogs.

On the other hand, the loss of Title IV eligibility could have more meaningful student- and institutional-level impacts that are likely to be more meaningful than the loss of the Cal Grant. At the student-level, the California policy did not impact federal loan eligibility, thus allowing students to receive both grants and loans to support their attendance. At the institutional-level, the loss of Title IV eligibility under federal regulations would eliminate almost all revenue to a specific institution, and would often lead to closure (Kelchen, 2017). In contrast, our results estimate a different parameter that arises from the loss of funding to individual students, rather than wholesale changes to the operating structure of the for-profit college.

We believe our results suggest a number of legal and policy implications. First, insofar as our findings suggest limited or no substitution effects between the for-profit and other higher education sectors, policymakers should be wary of using such aid restrictions to "nudge" students into alternate colleges. Though we find some evidence that traditional students partly respond by enrolling in community colleges, even in our most optimistic results the effect sizes are far more muted than those in Cellini *et al.* (2020), which estimate gains to community college enrollment

that offset roughly two-thirds of the losses in the for-profit sector. This likely occurs for two reasons. First, as noted above, we are estimating a policy that limits aid and provides a strong negative signal of for-profit quality, but does not systematically shut down the institution. Also, because Cellini *et al.* (2020) rely on aggregated institutional data from the 1990s to generate their estimates, our results might more closely mirror student decision-making in the current higher education environment.

Accordingly, policymakers looking to divert prospective students away from poorly performing for-profits towards higher-performing alternatives should acknowledge aid restriction's limitations. One potential concern is the difference in type of degree earned between for-profit colleges and community colleges. This asymmetry may partly explain why students are disinclined to shift enrollment. For example, community college nursing programs are in high demand and their degrees produce large positive wage returns, so students may turn to for-profit institutions when locked out of public programs (Grosz, 2020). Yet some for-profit colleges have been criminally liable for exaggerated claims about the employment of their graduates, and others may be "inducing" demand via aggressive advertising practices. It may not be the best course of action to allow for-profits to be the continued supplier of these degrees, assuming public colleges can respond to consumer demand and expand programs.

In sum, as both federal and state governments continue to concern themselves with poorly-performing for-profit institutions, they should take note of the relatively inelastic demand for such programs. One implication is that policymakers should explore other timeframes for intervening in the college selection process for prospective for-profit students, including, if possible, before the FAFSA is filed. Policymakers can also influence student choice by helping public colleges import the program attributes that have given rise to such for-profit demand.

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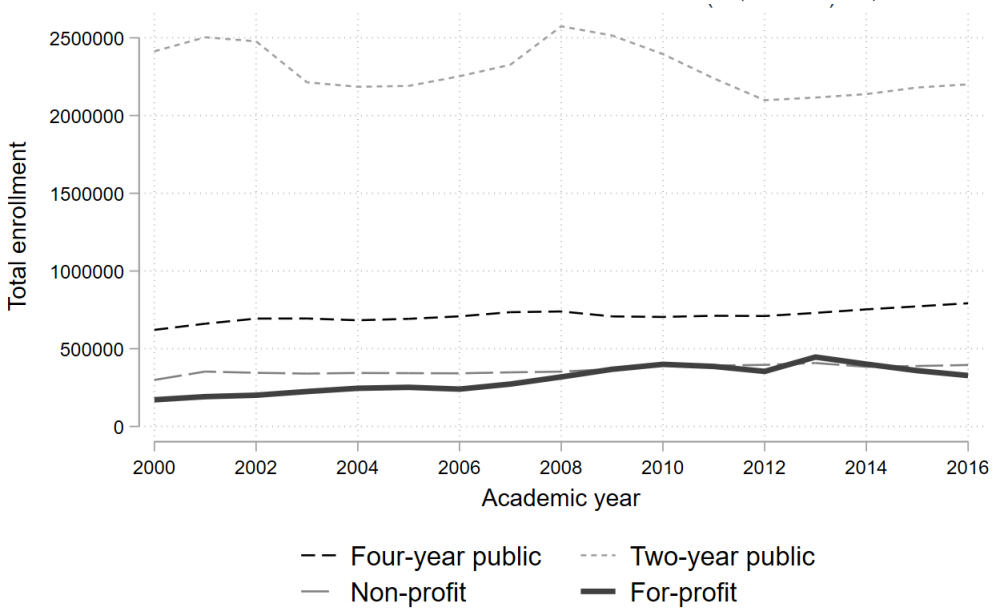
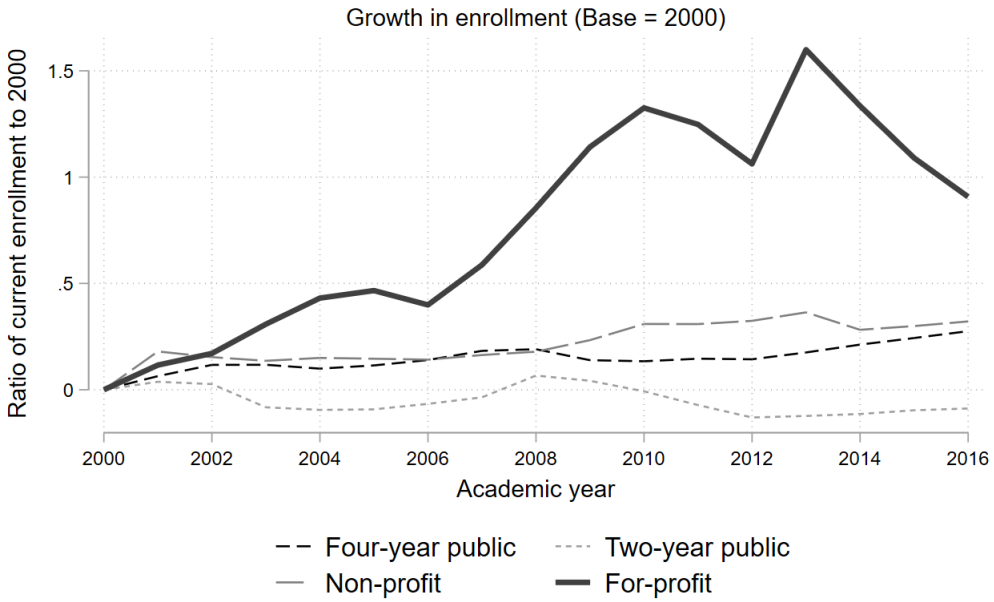
Figure AF1: Total For-Profit Enrollment in CA (2000-2016)



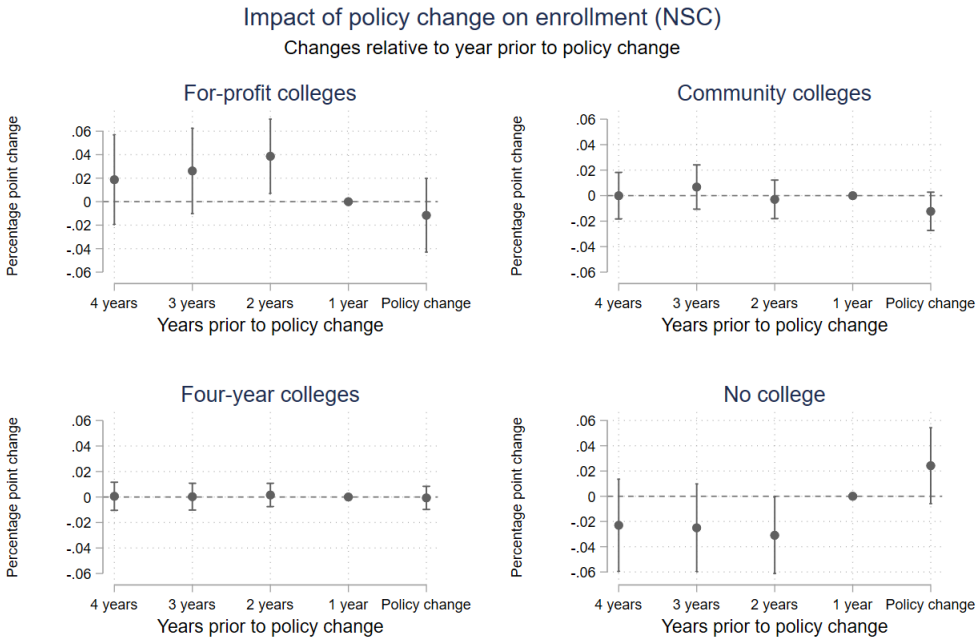
Notes: Estimates calculated using IPEDS data from the Urban Institute's 'educationdata' Stata package.

Figure AF2: Growth in For-Profit Enrollment in CA (2000-2016)



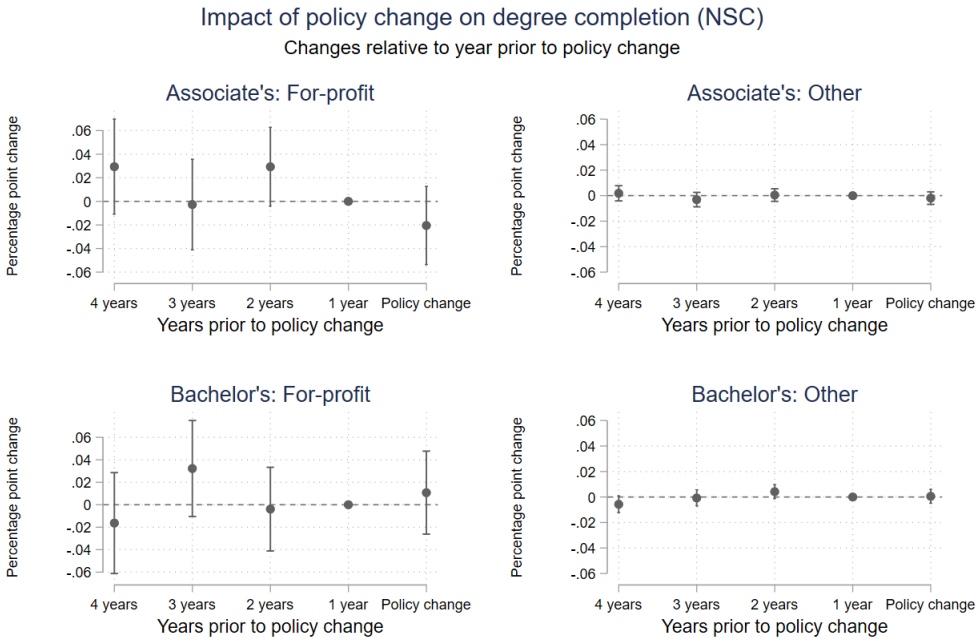
Notes: Estimates calculated using IPEDS data from the Urban Institute's 'educationdata' Stata package.

Figure AF3: Pre-treatment trends of postsecondary enrollment, Non-Traditional (Competitive) sample



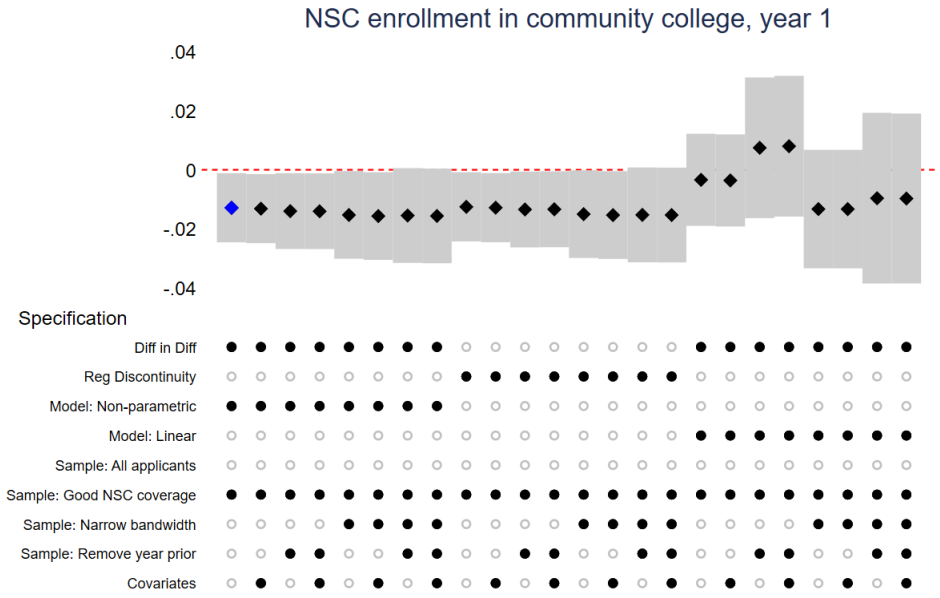
Notes: Figure includes all non-traditional students who applied for the Competitive award, listed an ineligible for-profit on the FAFSA that had good NSC coverage, and were within 15 points below and 25 points above the eligibility threshold. Outcome is whether the student enrolled in college in the year after first applying, using NSC data and disaggregated by sector. Results are estimated by an event study design that centers students at zero for the year their for-profit of interest became ineligible, and omits the year prior to the policy change.

Figure AF4: Pre-treatment trends of degree attainment, Non-Traditional (Competitive) sample



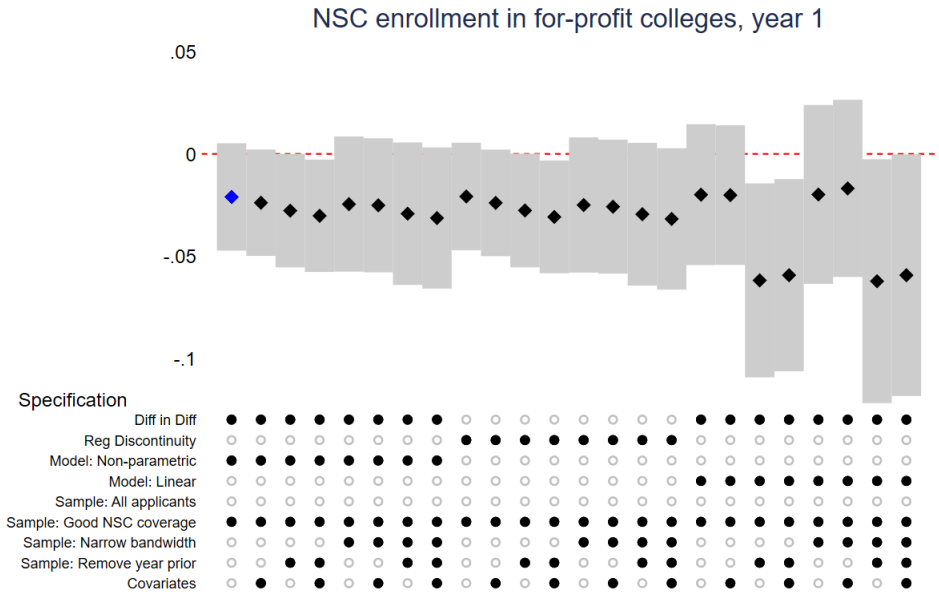
Notes: Figure includes all non-traditional students who applied for the Competitive award, listed an ineligible for-profit on the FAFSA that had good NSC coverage, and were within 15 points below and 25 points above the eligibility threshold. Outcome is whether the student earned a degree within four years, using NSC data and disaggregated by sector. Results are estimated by an event study design that centers students at zero for the year their for-profit of interest became ineligible, and omits the year prior to the policy change.

Figure AF5: Specification Chart Non-Traditional Students: NSC enrollment in community colleges, year 1



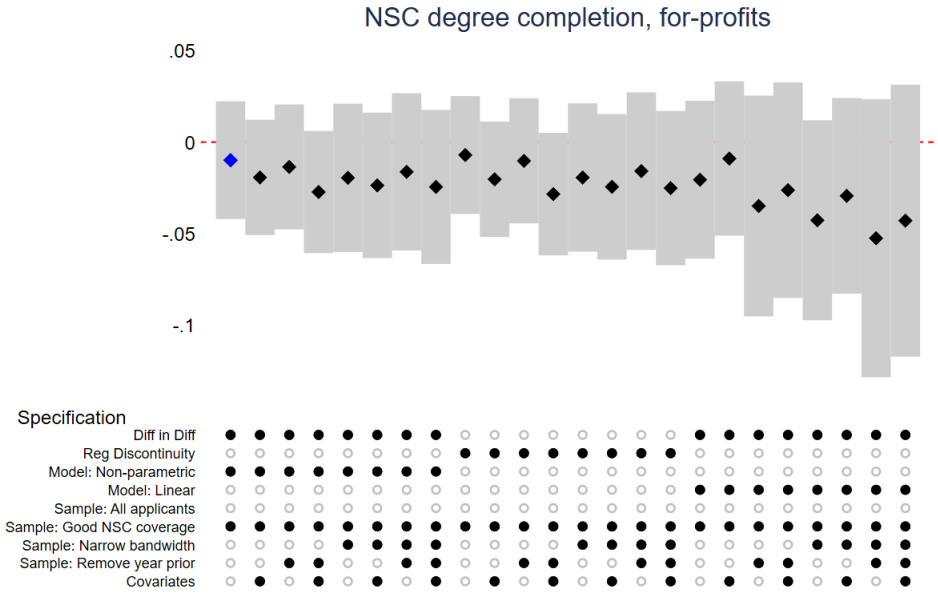
Notes: Figure includes all non-traditional students who applied for the Competitive award, listed an ineligible for-profit on the FAFSA, and were within 15 points below and 25 points above the eligibility threshold. Each column in the specification chart is a separate estimate that varies by the methodology (diff-in-diff, regression discontinuity), modeling choice (non-parametric versus linear time trends in the diff-in-diff estimation), sample (all applicants, only those with good NSC coverage, bandwidth size, removing the year prior to the policy change), and inclusion of covariates.

Figure AF6: Specification Chart Non-Traditional Students: NSC enrollment in for-profit colleges, year 1



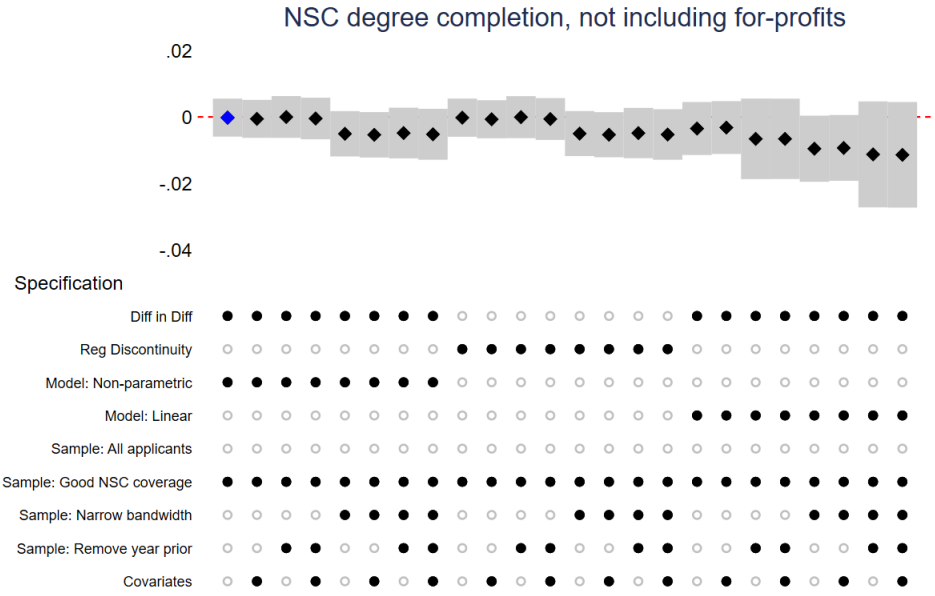
Notes: Figure includes all non-traditional students who applied for the Competitive award, listed an ineligible for-profit on the FAFSA, and were within 15 points below and 25 points above the eligibility threshold. Each column in the specification chart is a separate estimate that varies by the methodology (diff-in-diff, regression discontinuity), modeling choice (non-parametric versus linear time trends in the diff-in-diff estimation), sample (all applicants, only those with good NSC coverage, bandwidth size, removing the year prior to the policy change), and inclusion of covariates.

Figure AF7: Specification Chart Non-Traditional Students: Degree completion at for-profit colleges (NSC)



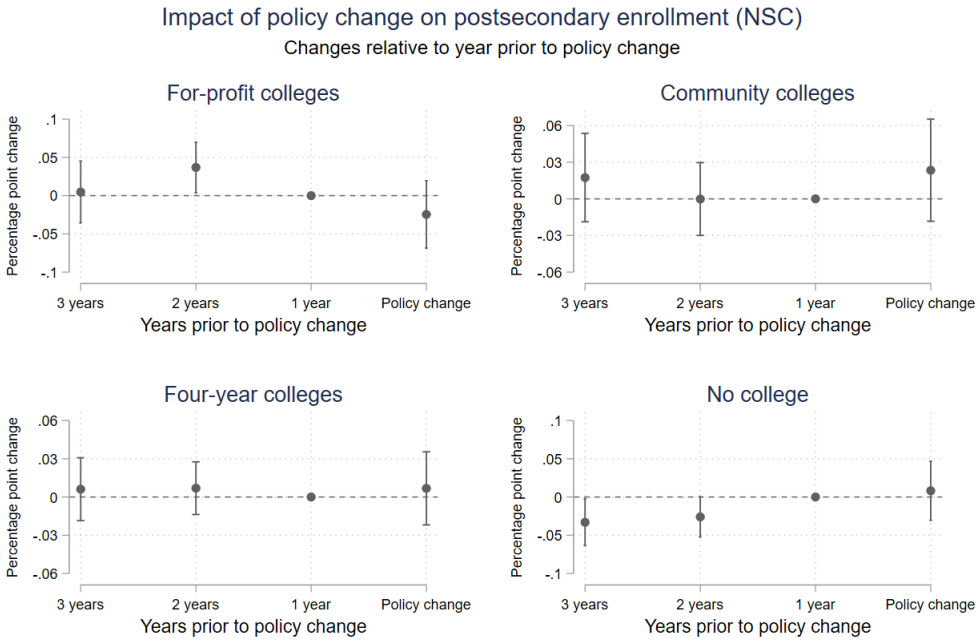
Notes: Figure includes all non-traditional students who applied for the Competitive award, listed an ineligible for-profit on the FAFSA, and were within 15 points below and 25 points above the eligibility threshold. Each column in the specification chart is a separate estimate that varies by the methodology (diff-in-diff, regression discontinuity), modeling choice (non-parametric versus linear time trends in the diff-in-diff estimation), sample (all applicants, only those with good NSC coverage, bandwidth size, removing the year prior to the policy change), and inclusion of covariates.

Figure AF8: Specification Chart Non-Traditional Students: Degree completion not from for-profit colleges (NSC)



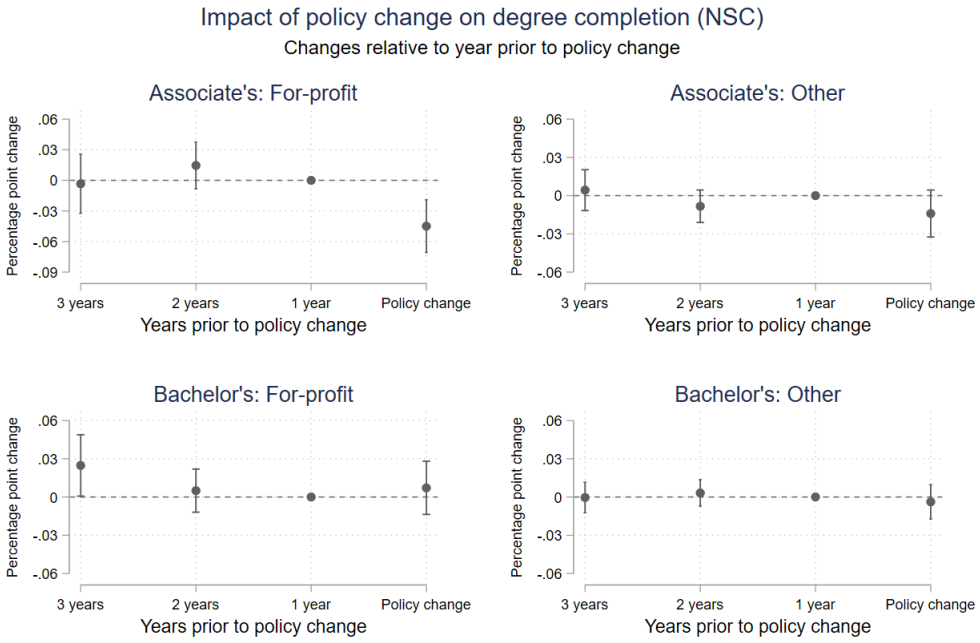
Notes: Figure includes all non-traditional students who applied for the Competitive award, listed an ineligible for-profit on the FAFSA, and were within 15 points below and 25 points above the eligibility threshold. Each column in the specification chart is a separate estimate that varies by the methodology (diff-in-diff, regression discontinuity), modeling choice (non-parametric versus linear time trends in the diff-in-diff estimation), sample (all applicants, only those with good NSC coverage, bandwidth size, removing the year prior to the policy change), and inclusion of covariates.

Figure AF9: Pre-treatment trends of postsecondary enrollment, Traditional (Entitlement) sample



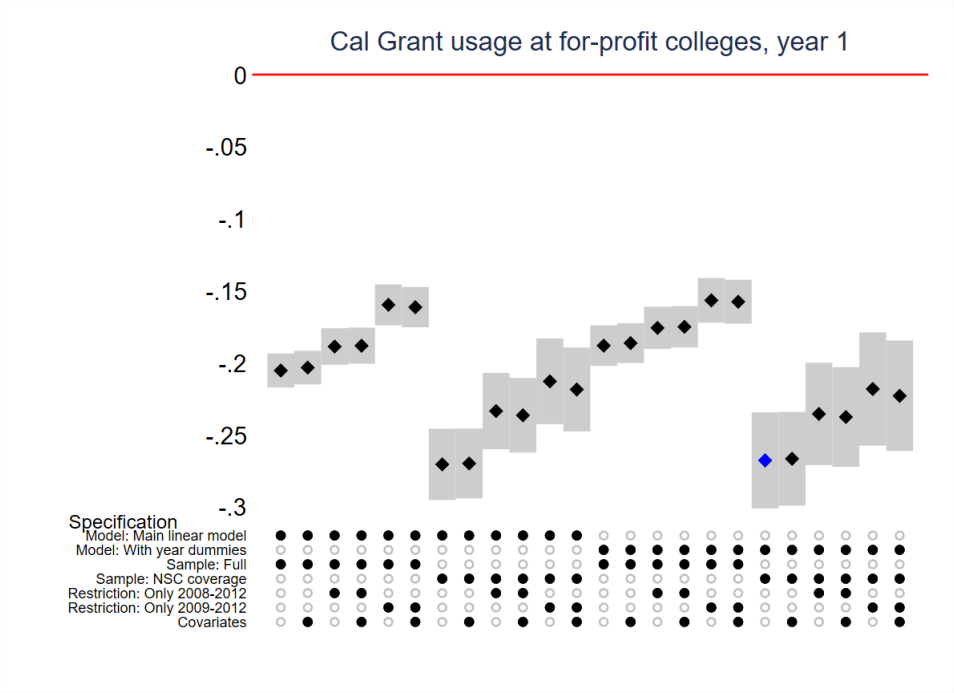
Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college that had good NSC coverage or were part of the matched comparison group, as described in the text. Outcome is whether the student enrolled in college in the year after first applying, using NSC data and disaggregated by sector. Results are estimated by an event study design that includes linear time trends, centers students at zero for the year their for-profit of interest became ineligible, and omits the years one and four years prior to the policy change.

Figure AF10: Pre-treatment trends of postsecondary attainment, Traditional (Entitlement) sample



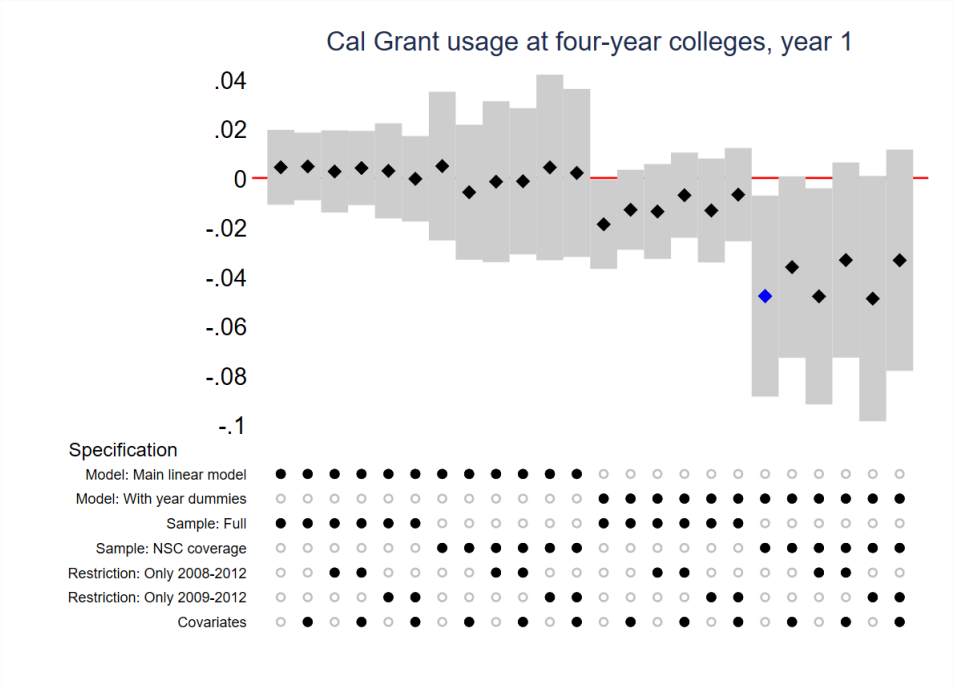
Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college that had good NSC coverage or were part of the matched comparison group, as described in the text. Outcome is whether the student earned a degree within four years, using NSC data and disaggregated by sector. Results are estimated by an event study design that includes linear time trends, centers students at zero for the year their for-profit of interest became ineligible, and omits the years one and four years prior to the policy change.

Figure AF11: Specification Chart Traditional Students: Cal Grant usage in for-profit colleges, year 1



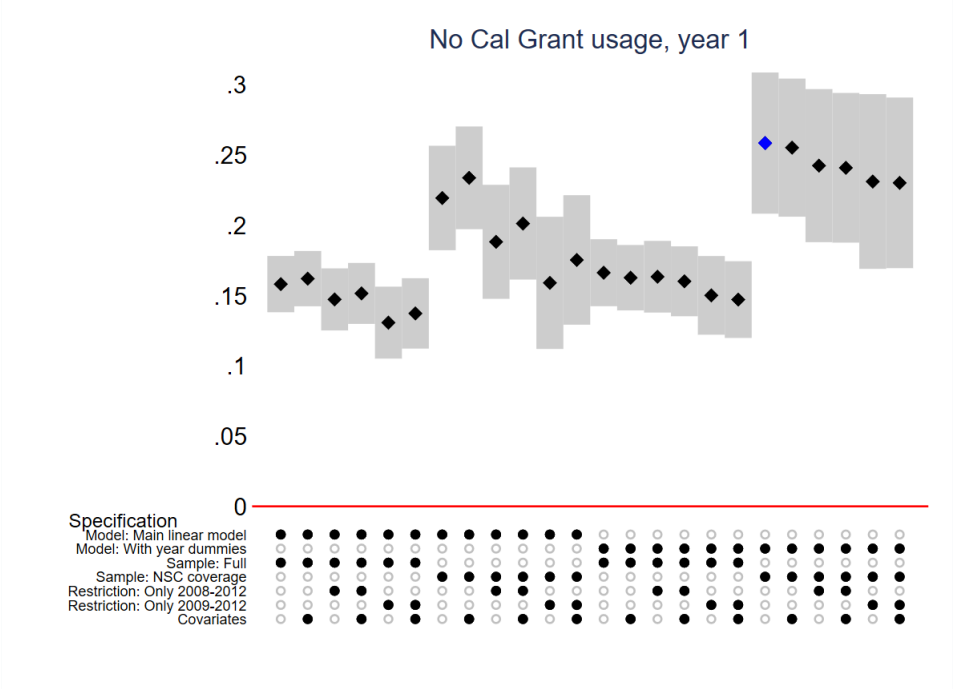
Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Each column in the specification chart is a separate estimate that varies by the modeling choice (whether or not year dummies are included), sample (all applicants, only those with good NSC coverage, omits 2007, omits 2008), and inclusion of covariates.

Figure AF12: Specification Chart Traditional Students: Cal Grant usage in four-year colleges, year 1



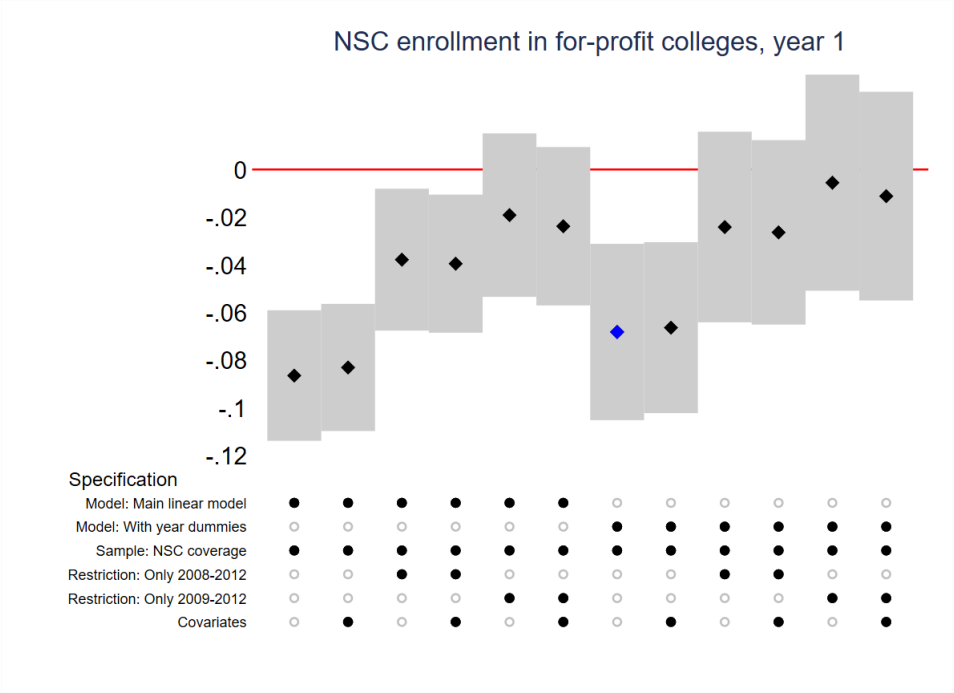
Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Each column in the specification chart is a separate estimate that varies by the modeling choice (whether or not year dummies are included), sample (all applicants, only those with good NSC coverage, omits 2007, omits 2008), and inclusion of covariates.

Figure AF13: Specification Chart Traditional Students: No Cal Grant usage, year 1



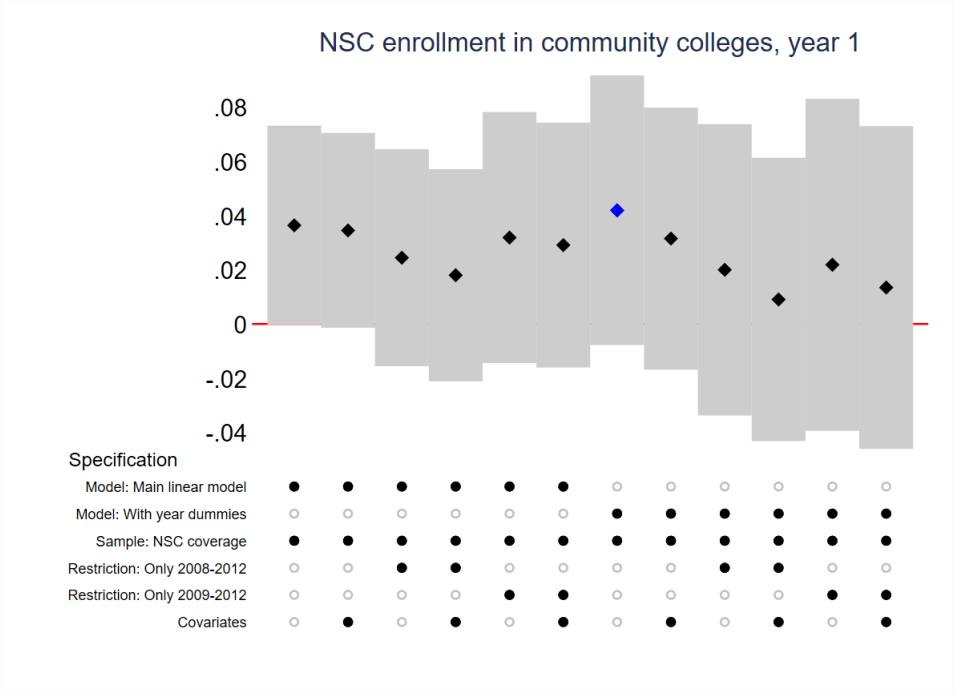
Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Each column in the specification chart is a separate estimate that varies by the modeling choice (whether or not year dummies are included), sample (all applicants, only those with good NSC coverage, omits 2007, omits 2008), and inclusion of covariates.

Figure AF14: Specification Chart Traditional Students: NSC enrollment in for-profit colleges, year 1



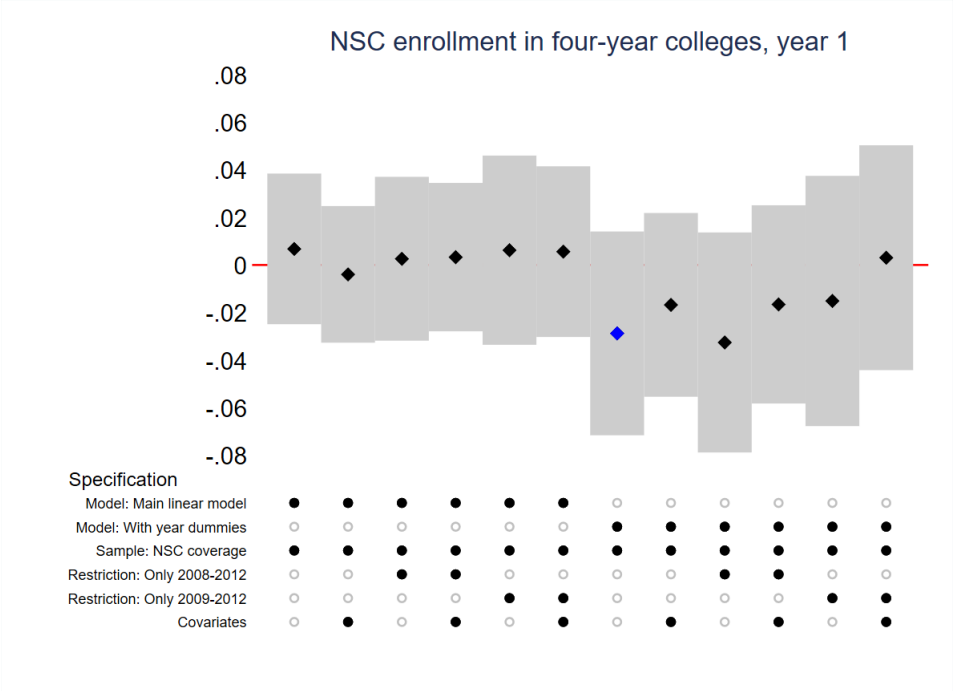
Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Each column in the specification chart is a separate estimate that varies by the modeling choice (whether or not year dummies are included), sample (all applicants, only those with good NSC coverage, omits 2007, omits 2008), and inclusion of covariates.

Figure AF15: Specification Chart Traditional Students: NSC enrollment in community colleges, year 1



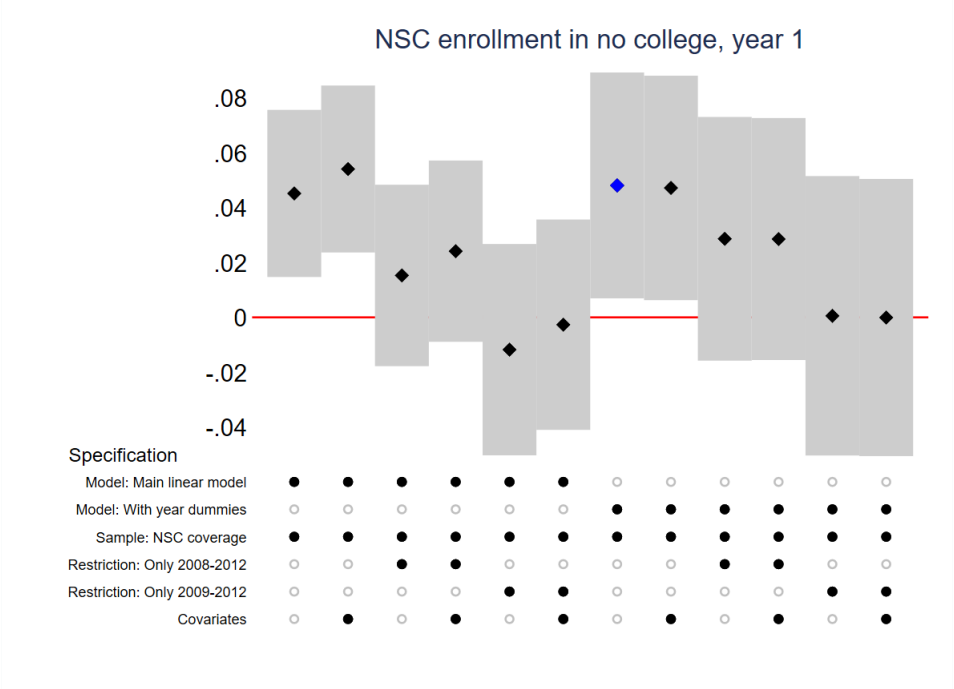
Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Each column in the specification chart is a separate estimate that varies by the modeling choice (whether or not year dummies are included), sample (all applicants, only those with good NSC coverage, omits 2007, omits 2008), and inclusion of covariates.

Figure AF16: Specification Chart Traditional Students: NSC enrollment in four-year colleges, year 1



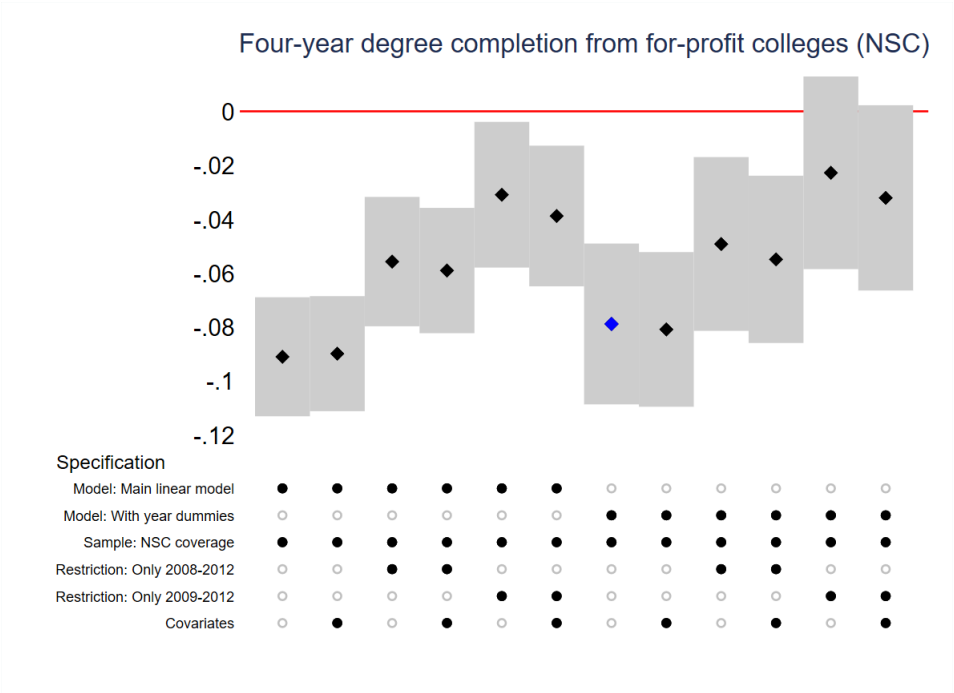
Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Each column in the specification chart is a separate estimate that varies by the modeling choice (whether or not year dummies are included), sample (all applicants, only those with good NSC coverage, omits 2007, omits 2008), and inclusion of covariates.

Figure AF17: Specification Chart Traditional Students: No NSC enrollment, year 1



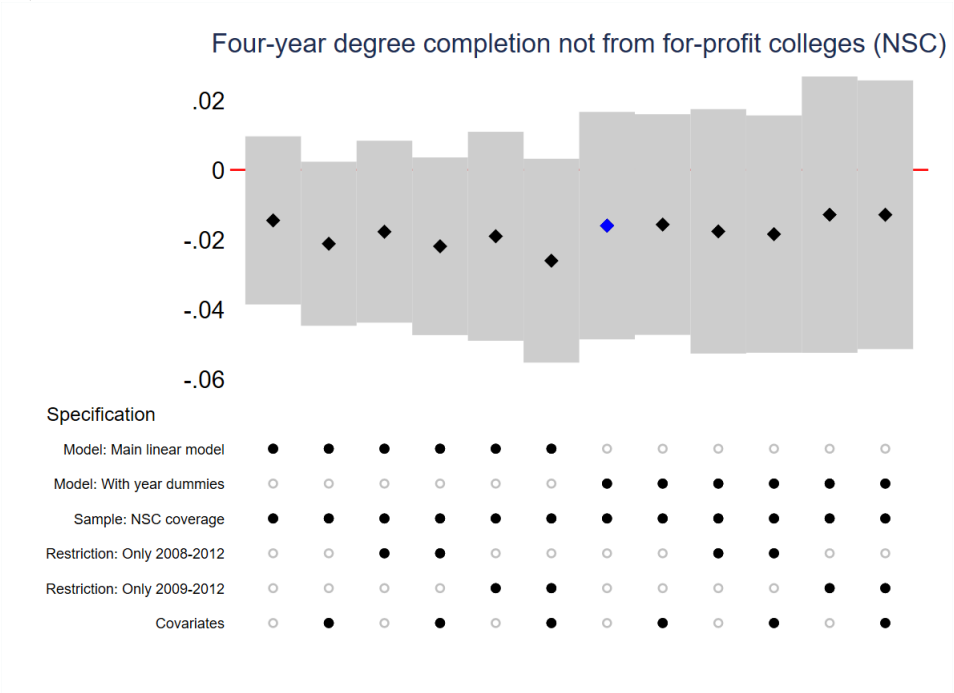
Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Each column in the specification chart is a separate estimate that varies by the modeling choice (whether or not year dummies are included), sample (all applicants, only those with good NSC coverage, omits 2007, omits 2008), and inclusion of covariates.

Figure AF18: Specification Chart Traditional Students: Degree completion at for-profit colleges (NSC)



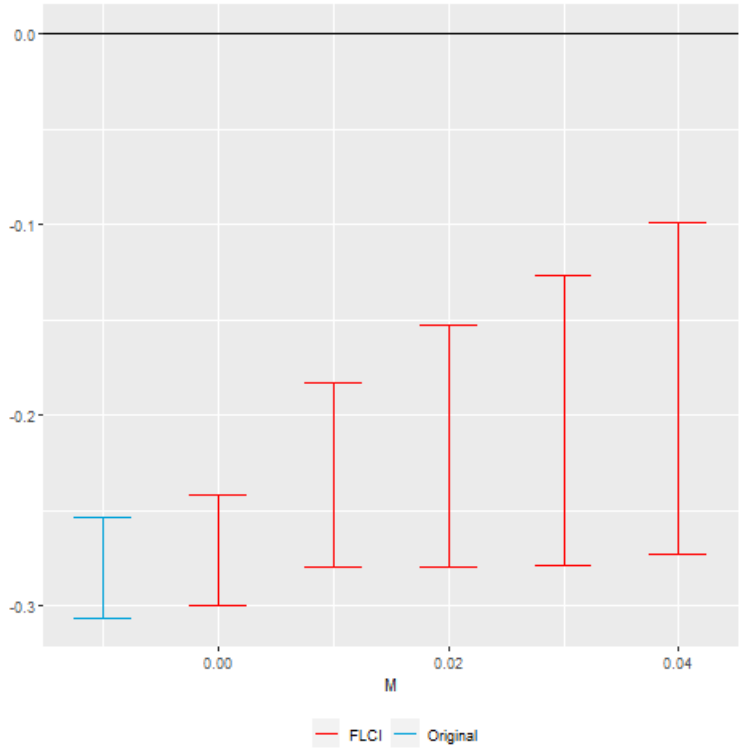
Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Each column in the specification chart is a separate estimate that varies by the modeling choice (whether or not year dummies are included), sample (all applicants, only those with good NSC coverage, omits 2007, omits 2008), and inclusion of covariates.

Figure AF19: Specification Chart Traditional Students: Degree completion not from for-profit colleges (NSC)



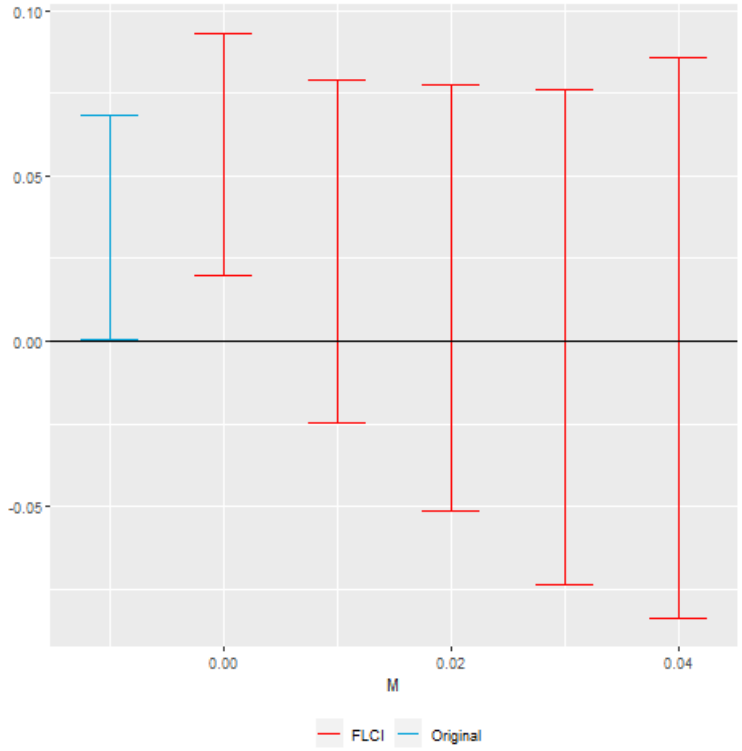
Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Each column in the specification chart is a separate estimate that varies by the modeling choice (whether or not year dummies are included), sample (all applicants, only those with good NSC coverage, omits 2007, omits 2008), and inclusion of covariates.

Figure AF20: HonestDiD approach of Roth and Rambachan: Cal Grant usage at for-profit college



Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Outcome is the treatment effect from the loss of Cal Grant eligibility at for-profits on using a Cal Grant at a for-profit college the following year. Figure applies the 'honestdid' methodology of Roth and Rambachan, assuming the slope in pre-trends varies by increments of one percentage point.

Figure AF21: HonestDiD approach of Roth and Rambachan: Cal Grant usage at community college



Notes: Figure includes all traditional students who applied for the Entitlement award, met income and GPA eligibility requirements, and either listed a for-profit college or were part of the matched comparison group, as described in the text. Outcome is the treatment effect from the loss of Cal Grant eligibility at for-profits on using a Cal Grant at a community college the following year. Figure applies the 'honestdid' methodology of Roth and Rambachan, assuming the slope in pre-trends varies by increments of one percentage point.

Table AT1: Cal Grant Income and Asset Limits

Dependent students and Independent students with dependents other than a spouse						
Cal Grant A eligibility (GPA >= 3.0)						
Family Size	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
6+	$83,600	$84,600	$88,300	$92,100	$92,700	$90,300
5	$77,500	$78,400	$81,900	$85,400	$85,900	$83,800
4	$72,300	$73,200	$76,400	$79,700	$80,200	$78,100
3	$66,500	$67,400	$70,300	$73,300	$73,800	$71,900
2	$65,000	$65,800	$68,700	$71,600	$72,100	$70,200
Cal Grant B eligibility (GPA >= 2.0)						
Family Size	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
6+	$45,900	$46,500	$48,500	$50,600	$50,900	$49,600
5	$42,500	$43,000	$44,900	$46,900	$47,200	$46,000
4	$38,000	$38,500	$40,200	$41,900	$42,200	$41,100
3	$34,200	$34,600	$36,100	$37,700	$37,900	$36,900
2	$30,300	$30,700	$32,100	$33,400	$33,600	$32,800
Independent students with no dependents						
Cal Grant A or B eligibility						
Single	$26,500	$26,800	$28,000	$29,200	$29,400	$28,600
Married	$30,300	$30,700	$32,100	$33,400	$33,600	$32,800
Competitive award eligibility threshold						
All students	153	155	161	163	165	165

Notes: Cal Grant A is only available to students who earn a 3.0 GPA, and Cal Grant B is only available to students who are classified as "low-income," the ceiling for which during the period of our study generally varied from about $30,000 to $50,000 in family income for dependent students, depending on family size, and $30,000 for independents without any of their own dependents. For high school students, this means that (1) middle-income students with a 3.0 GPA earn Cal Grant A; (2) low-income students with a GPA below 3.0 GPA earn Cal Grant B, and (3) low-income students above a 3.0 GPA can choose between A or B. Non-traditional students who earn the Competitive award can choose between A or B depending simply on whether they meet the Cal Grant B income limits.

Table AT2: For-Profit Payments and NSC coverage

NSC data identify postsecondary enrollment for the majority of students enrolled in the United States, though privacy laws and complications with student matching may result in a lower rate. One challenge with using NSC data in this context is that many for-profit colleges, as well as a handful of public or non-profit, private institutions, can choose not to report their enrollment records (Dynarski *et al.*, 2015). The table below reproduces the full list of Cal Grant payments to for-profit colleges, which is not hampered by NSC reporting issues (original version is found in Gurantz (Forthcoming)). For each college we can identify whether it had good NSC coverage by calculating how often a student who receives a Cal Grant payment also appears in the NSC data. This exercise shows that NSC data on for-profit colleges essentially identifies attendance or completion results for five large colleges: University of Phoenix, Heald, ITT, DeVry, and Academy of Art University. In practice, the first three colleges listed are also by far the most popular colleges in the Cal Grant applicant pool. Some ITT and Heald branches became ineligible in 2011, but all five colleges were ineligible beginning in 2012.

For-profit college name	Total Payments	% of students attending for-profit in NSC data
University of Phoenix	**4837**	**97%**
Heald	**3455**	**94%**
ITT	**1496**	**94%**
Westwood	963	3%
Argosy	948	8%
San Joaquin	866	3%
Kaplan	760	2%
Devry	**678**	**64%**
Carrington	516	1%
Everest	293	15%
MTI College	280	1%
American Career	249	1%
Southern California Institute of Technology	229	0%
Universal Tech	208	0%
Fashion Institute of Design Merchandise	206	0%
Concorde	191	0%
Bryan College	172	0%
Academy of Art University	**171**	**96%**
Platt	169	2%
All other for-profits	1914	3%

Notes: Sample includes all Cal Grant payments made to for-profit colleges in the year after first application, on behalf of non-traditional Competitive award applicants.

Table AT3: Cal Grant payments over time, Non-Traditional Competitive Sample

	Full Sample				NSC subsample			
	Year 1	Year 2	Year 3	Year 4	Year 1	Year 2	Year 3	Year 4
For-profit	-0.521**	-0.221**	-0.056**	-0.007**	-0.623**	-0.319**	-0.094**	-0.011**
	(0.006)	(0.006)	(0.003)	(0.001)	(0.007)	(0.008)	(0.005)	(0.002)
Baseline	0.641	0.271	0.023	0.004	0.706	0.340	0.018	0.006
No payment	0.528**	0.229**	0.060**	0.010**	0.630**	0.333**	0.101**	0.016**
	(0.007)	(0.006)	(0.004)	(0.003)	(0.007)	(0.008)	(0.006)	(0.004)
Baseline	0.335	0.701	0.958	0.982	0.268	0.630	0.966	0.984
Community college	-0.001	-0.002	0.000	0.000	-0.000	-0.006**	-0.001	-0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Baseline	0.011	0.009	0.008	0.006	0.008	0.009	0.004	0.003
CSU	0.001	0.001	0.000	-0.002	0.001	0.001	-0.001	-0.002
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)
Baseline	0.001	0.004	0.003	0.003	0.002	0.005	0.005	0.005
UC	-0.000	-0.000	0.000	0.000	-0.000	-0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)	(0.001)
Baseline	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Non-profit	-0.006**	-0.007**	-0.005**	-0.002+	-0.007*	-0.009**	-0.006**	-0.003
	(0.002)	(0.002)	(0.001)	(0.001)	(0.003)	(0.003)	(0.002)	(0.002)
Baseline	0.013	0.015	0.007	0.004	0.017	0.017	0.008	0.004
Four-year public or	-0.005**	-0.006**	-0.004*	-0.003*	-0.006*	-0.008*	-0.007*	-0.004+
non-profit	(0.002)	(0.002)	(0.002)	(0.001)	(0.003)	(0.003)	(0.003)	(0.002)
Baseline	0.014	0.019	0.011	0.007	0.019	0.021	0.012	0.008
Total payments	-5174.75**	-1932.80**	-357.73**	-55.33**	-6469.92**	-2853.49**	-581.27**	-78.68**
	(62.83)	(50.70)	(25.42)	(12.39)	(70.90)	(65.52)	(38.80)	(17.71)
Baseline	5906.41	2025.78	192.59	67.93	6976.58	2484.55	181.33	72.32

Notes. + p<0.1 * p<0.05 ** p<0.01. Non-traditional students who applied for the Competitive award receive a score between 60 and 200 points, with the award eligibility threshold ranging from 153 to 165 across years. This sample includes all students who were within 15 points below and 25 points above the eligibility threshold, and listed a for-profit on the FAFSA that became ineligble in 2011 or 2012. The full sample and NSC subsample regressions use 34,174 and 21,396 observations, respectively. Baseline values are means for applicants who listed an ineligible for-profit on their FAFSA, first applied in the year prior to the for-profit became ineligible, and were above the eligibility threshold.

Table AT4: NSC Enrollment over time, Non-Traditional Competitive Sample

	Year 1	Year 2	Year 3	Year 4
For-profit	-0.020	-0.047**	-0.024+	-0.008
	(0.014)	(0.016)	(0.014)	(0.011)
Baseline	0.800	0.528	0.276	0.136
No enrollment	0.033*	0.050**	0.042**	0.024+
	(0.013)	(0.016)	(0.015)	(0.014)
Baseline	0.170	0.410	0.641	0.781
Community college	-0.015*	-0.004	-0.008	-0.003
	(0.006)	(0.007)	(0.007)	(0.007)
Baseline	0.038	0.051	0.050	0.048
CSU	-0.001	-0.001	-0.005+	-0.006*
	(0.002)	(0.003)	(0.003)	(0.003)
Baseline	0.005	0.007	0.010	0.012
UC	-0.000	0.000	0.001	0.000
	(0.000)	(0.001)	(0.001)	(0.001)
Baseline	0.000	0.000	0.000	0.000
Non-profit or other	0.001	-0.002	-0.007	-0.010
colleges	(0.004)	(0.005)	(0.006)	(0.006)
Baseline	0.015	0.029	0.035	0.033

Notes. + p<0.1 * p<0.05 ** p<0.01. Non-traditional students who applied for the Competitive award receive a score between 60 and 200 points, with the award eligibility threshold ranging from 153 to 165 across years. This sample includes all students who were within 15 points below and 25 points above the eligibility threshold, and listed a for-profit on the FAFSA that became ineligble in 2011 or 2012 and had good National Student Clearinghouse coverage, for a total of 21,396 observations. Baseline values are means for applicants who listed an ineligible for-profit on their FAFSA, first applied in the year prior to the for-profit became ineligible, and were above the eligibility threshold.

Table AT5: Impacts by Type of Ineligible For-Profit College, Non-Traditional Competitive Sample

	Cal Grant payments		National Student Clearinghouse data				
			Enrollment		Four-year degree completion		
	1st Year	4th year	1st Year	4th year	AA	BA	Any
2011 Ineligible For-Profits Only							
Total payments ($)	-6373.98**	12.95					
	(325.12)	(48.99)					
Baseline	7212.27	12.28					
For-profit	-0.598**	-0.006	-0.072	-0.009	-0.035	-0.001	-0.020
	(0.032)	(0.009)	(0.059)	(0.044)	(0.024)	(0.067)	(0.067)
Baseline	0.792	0.000	0.775	0.158	0.025	0.583	0.600
CC	-0.006	-0.003	-0.013	0.019	-0.007	0.000	-0.007
	(0.004)	(0.006)	(0.022)	(0.028)	(0.007)	(.)	(0.007)
Baseline	0.008	0.008	0.033	0.067	0.008	0.000	0.008
Four-year	-0.014	0.000	-0.004	0.010	0.000	0.000	0.000
	(0.010)	(.)	(0.006)	(0.020)	(.)	(.)	(.)
Baseline	0.000	0.000	0.000	0.017	0.000	0.000	0.000
None	0.618**	0.009	0.078	-0.016			
	(0.032)	(0.011)	(0.057)	(0.052)			
Baseline	0.200	0.992	0.192	0.767			
2012 Ineligible For-Profits Only							
Total payments ($)	-6444.75**	-86.83**					
	(70.17)	(19.44)					
Baseline	6961.34	76.21					
For-profit	-0.617**	-0.012**	-0.018	-0.010	0.005	-0.025	-0.010
	(0.007)	(0.002)	(0.014)	(0.012)	(0.015)	(0.016)	(0.017)
Baseline	0.700	0.006	0.802	0.135	0.304	0.329	0.591
CC	0.000	0.000	-0.015*	-0.002	-0.001	-0.000	-0.002
	(0.002)	(0.002)	(0.006)	(0.007)	(0.002)	(0.000)	(0.002)
Baseline	0.008	0.002	0.038	0.047	0.004	0.001	0.005
Four-year	-0.005+	-0.005+	0.001	-0.018*	0.000	0.001	0.002
	(0.003)	(0.003)	(0.005)	(0.007)	(0.001)	(0.003)	(0.003)
Baseline	0.020	0.009	0.021	0.047	0.000	0.006	0.006
None	0.622**	0.017**	0.031*	0.027+			
	(0.007)	(0.004)	(0.014)	(0.014)			
Baseline	0.272	0.983	0.169	0.782			

Notes. + p<0.1 * p<0.05 ** p<0.01. Non-traditional students who applied for the Competitive award receive a score between 60 and 200 points, with the award eligibility threshold ranging from 153 to 165 across years. This sample includes all students who were within 15 points below and 25 points above the eligibility threshold, and listed a for-profit on the FAFSA that became ineligble in 2011 or 2012 and had good National Student Clearinghouse coverage, for a total of 1,106 and 20,290 observations that listed ineligible 2011 and 2012 for-profits, respectively. Baseline values are means for applicants who listed an ineligible for-profit on their FAFSA, first applied in the year prior to the for-profit became ineligible, and were above the eligibility threshold.

Table AT6: Cal Grant payments over time, Traditional Entitlement Sample

	Full Sample				NSC subsample			
	Year 1	Year 2	Year 3	Year 4	Year 1	Year 2	Year 3	Year 4
For-profit	-0.188**	-0.080**	-0.000	0.007**	-0.268**	-0.134**	0.019*	0.023**
	(0.008)	(0.006)	(0.004)	(0.003)	(0.013)	(0.013)	(0.009)	(0.006)
Baseline	0.252	0.138	0.039	0.013	0.318	0.216	0.045	0.030
No payment	0.166**	0.071**	0.005	-0.007	0.244**	0.135**	0.007	-0.001
	(0.012)	(0.011)	(0.010)	(0.009)	(0.019)	(0.019)	(0.017)	(0.016)
Baseline	0.556	0.717	0.841	0.886	0.513	0.643	0.837	0.868
Community college	0.041**	0.031**	0.015*	0.005	0.064**	0.046**	0.020+	0.008
	(0.009)	(0.008)	(0.007)	(0.005)	(0.014)	(0.012)	(0.011)	(0.008)
Baseline	0.126	0.089	0.069	0.042	0.089	0.073	0.056	0.031
CSU	-0.021**	-0.019**	-0.019**	-0.008	-0.046**	-0.043**	-0.045**	-0.035**
	(0.006)	(0.006)	(0.006)	(0.006)	(0.011)	(0.010)	(0.010)	(0.011)
Baseline	0.046	0.037	0.035	0.042	0.052	0.045	0.043	0.051
UC	-0.000	-0.004	-0.003	-0.001	0.004	-0.003	-0.006	0.000
	(0.004)	(0.004)	(0.004)	(0.004)	(0.007)	(0.006)	(0.006)	(0.007)
Baseline	0.007	0.006	0.006	0.008	0.006	0.006	0.007	0.008
Non-profit	0.002	0.000	0.003	0.003	0.002	0.000	0.005	0.004
	(0.003)	(0.003)	(0.003)	(0.003)	(0.006)	(0.006)	(0.006)	(0.005)
Baseline	0.013	0.012	0.010	0.009	0.021	0.018	0.013	0.012
Four-year public or	-0.019*	-0.022**	-0.019**	-0.006	-0.040**	-0.047**	-0.046**	-0.030*
non-profit	(0.008)	(0.007)	(0.007)	(0.007)	(0.014)	(0.013)	(0.012)	(0.013)
Baseline	0.066	0.056	0.051	0.059	0.080	0.068	0.063	0.071
Total payments	-932.48**	-566.01**	31.20	93.07	-1600.35**	-1094.78**	174.12	117.36
	(75.17)	(84.26)	(68.68)	(64.87)	(147.00)	(159.65)	(129.92)	(120.83)
Baseline	1826.34	1755.34	798.31	571.03	2690.69	2435.63	908.05	772.10

Notes. + p<0.1 * p<0.05 ** p<0.01. Traditional sample includes all students who were offered an Entitlement award by meeting income and GPA eligibility requirements as specified in Appendix Table 1. This sample includes all students between 2007 and 2012 who listed an ineligible for-profit and their matched comparison group as described in the text. The full sample and NSC subsample regressions use 51,116 and 14,394 observations, respectively. Baseline values are means for applicants who listed an ineligible for-profit on their FAFSA and first applied in the year prior to the for-profit became ineligible.

Table AT7: NSC Enrollment over time, Traditional Entitlement Sample

	Full Sample			
	Year 1	Year 2	Year 3	Year 4
For-profit	-0.068**	-0.108**	-0.007	0.018
	(0.020)	(0.018)	(0.015)	(0.013)
Baseline	0.409	0.283	0.137	0.101
No enrollment	0.048*	0.102**	0.022	-0.001
	(0.022)	(0.025)	(0.026)	(0.026)
Baseline	0.231	0.345	0.500	0.567
Community college	0.042+	0.019	0.014	0.014
	(0.025)	(0.025)	(0.025)	(0.023)
Baseline	0.293	0.310	0.287	0.229
CSU	-0.033+	-0.037*	-0.041*	-0.034+
	(0.018)	(0.016)	(0.016)	(0.017)
Baseline	0.068	0.054	0.058	0.077
UC	-0.001	-0.004	-0.005	-0.006
	(0.011)	(0.010)	(0.011)	(0.011)
Baseline	0.006	0.006	0.007	0.009
Non-profit or other	0.007	0.016	0.018	0.000
colleges	(0.012)	(0.011)	(0.012)	(0.012)
Baseline	0.033	0.034	0.034	0.035

Notes. + p<0.1 * p<0.05 ** p<0.01. Non-traditional students who applied for the Competitive award receive a score between 60 and 200 points, with the award eligibility threshold ranging from 153 to 165 across years. This sample includes all students who were within 15 points below and 25 points above the eligibility threshold, and listed a for-profit on the FAFSA that became ineligble in 2011 or 2012 and had good National Student Clearinghouse coverage, for a total of 14,394 observations. Baseline values are means for applicants who listed an ineligible for-profit on their FAFSA and first applied in the year prior to the for-profit became ineligible.

Table AT8: Impacts by Type of Ineligible For-Profit College, Traditional Entitlement Sample

	Cal Grant payments		National Student Clearinghouse data				
			Enrollment		Four-year degree completion		
	1st Year	4th year	1st Year	4th year	AA	BA	Any
2011 Ineligible For-Profits Only							
Total payments ($)	-3009.74**	-408.27					
	(773.50)	(642.40)					
Baseline	2987.50	306.26					
For-profit	-0.436**	0.029	-0.043	-0.090+	-0.016	-0.118+	-0.146*
	(0.065)	(0.020)	(0.078)	(0.053)	(0.044)	(0.067)	(0.074)
Baseline	0.436	0.009	0.453	0.120	0.085	0.265	0.350
CC	0.037	-0.035	0.008	-0.111	-0.081	0.000	-0.081
	(0.079)	(0.047)	(0.102)	(0.091)	(0.051)	(.)	(0.051)
Baseline	0.094	0.051	0.274	0.265	0.077	0.000	0.077
Four-year	-0.026	-0.087	-0.006	-0.017	-0.000	-0.039	-0.039
	(0.077)	(0.072)	(0.081)	(0.079)	(0.000)	(0.035)	(0.035)
Baseline	0.026	0.026	0.068	0.060	0.000	0.000	0.000
None	0.425**	0.092	0.010	0.182+			
	(0.103)	(0.083)	(0.090)	(0.106)			
Baseline	0.444	0.915	0.248	0.581			
2012 Ineligible For-Profits Only							
Total payments ($)	-1552.62**	149.02					
	(207.54)	(198.32)					
Baseline	2667.19	808.97					
For-profit	-0.255**	0.024**	-0.086**	0.025+	-0.074**	-0.010	-0.086**
	(0.015)	(0.008)	(0.020)	(0.013)	(0.012)	(0.010)	(0.014)
Baseline	0.309	0.032	0.405	0.099	0.111	0.055	0.164
CC	0.064**	0.012	0.047+	0.023	0.009	0.001	0.009
	(0.021)	(0.012)	(0.028)	(0.025)	(0.013)	(0.001)	(0.013)
Baseline	0.089	0.029	0.294	0.226	0.047	0.000	0.047
Four-year	-0.058*	-0.040+	-0.029	-0.048*	-0.001	-0.017	-0.019
	(0.022)	(0.021)	(0.024)	(0.024)	(0.001)	(0.013)	(0.013)
Baseline	0.084	0.074	0.109	0.127	0.000	0.024	0.024
None	0.249**	0.004	0.061**	-0.008			
	(0.028)	(0.024)	(0.023)	(0.028)			
Baseline	0.519	0.865	0.230	0.566			

Notes. + p<0.1 * p<0.05 ** p<0.01. Traditional sample includes all students who were offered an Entitlement award by meeting income and GPA eligibility requirements as specified in Appendix Table 1. This sample includes all students between 2007 and 2012 who listed an ineligible for-profit that had good National Student Clearinghouse (NSC) coverage, and their matched comparison group as described in the text, for a total of 1,180 and 13,314 observations that listed ineligible 2011 and 2012 for-profits, respectively. Baseline values are means for applicants who listed an ineligible for-profit on their FAFSA and first applied in the year prior to the for-profit became ineligible.

Table AT9: Impact of for-profit policy change on traditional students' Cal Grant usage and post-secondary enrollment, interacted with distance to closest community college

		1st year	
		Cal Grant payment	Enrollment
For-profit	Distance * main effect	-0.001+	-0.000
		(0.001)	(0.002)
	Main effect	-0.257**	-0.061*
		(0.017)	(0.024)
CC	Distance * main effect	0.000	0.000
		(0.001)	(0.002)
	Main effect	0.059**	0.049+
		(0.022)	(0.029)
Four-year	Distance * main effect	0.000	0.000
		(0.001)	(0.001)
	Main effect	-0.047*	-0.029
		(0.022)	(0.023)
None	Distance * main effect	0.001	0.001
		(0.001)	(0.002)
	Main effect	0.244**	0.030
		(0.029)	(0.026)

Notes. + p<0.1 * p<0.05 ** p<0.01. Traditional sample includes all students who were offered an Entitlement award by meeting income and GPA eligibility requirements as specified in Appendix Table 1. This sample includes all students between 2007 and 2012 who listed an ineligible for-profit that had good National Student Clearinghouse (NSC) coverage, and their matched comparison group as described in the text, for a total of 14,394 observations. Baseline values are means for applicants who listed an ineligible for-profit on their FAFSA and first applied in the year prior to the for-profit became ineligible. Distance from high school to closest commnity college included as a control variable and interacted with treatment indicator.

Table AT10: Impact of for-profit policy change on non-traditional students' Cal Grant usage and postsecondary enrollment, prior community college enrollment

	Cal Grant payments		NSC Enrollment	
	Prior CC attendance	No prior attendance	Prior CC attendance	No prior attendance
For-profit	-0.603**	-0.639**	-0.004	-0.029
	(0.010)	(0.009)	(0.020)	(0.018)
Baseline	0.686	0.720	0.807	0.795
CC	-0.006+	0.004	-0.021+	-0.010+
	(0.004)	(0.003)	(0.012)	(0.006)
Baseline	0.014	0.003	0.066	0.019
Four-year	-0.013**	-0.002	-0.009	0.006
	(0.005)	(0.004)	(0.007)	(0.005)
Baseline	0.027	0.013	0.030	0.013
None	0.622**	0.636**	0.030	0.034+
	(0.011)	(0.010)	(0.019)	(0.018)
Baseline	0.274	0.264	0.145	0.188

Notes. + p<0.1 * p<0.05 ** p<0.01. Non-traditional students who applied for the Competitive award receive a score between 60 and 200 points, with ranging the awared eligibility threshold ranging from 153 to 165 across years. This sample includes all students who were within 15 points below and 25 points above the eligibility threshold and listed a for-profit on the FAFSA that became ineligble in 2012 and had good National Student Clearinghouse (NSC) coverage, for a total of 21,396 observations. Baseline values are means for applicants who listed an ineligible for-profit on their FAFSA and first applied in the year prior to the for-profit became ineligible, and were above the eligibility threshold. Prior community college (CC) enrollment classified as having NSC enrollment in a community college in the three years prior to their first Cal Grant application.

Appendix A: Competitive Award Background

The Competitive Cal Grant program began in 2001 and requires California residents to: (1) be two or more years removed from earning their high school degree; (2) complete the FAFSA, and; (3) complete a GPA verification form, submitted directly by the administration of the corresponding high school or college.[25] The state allocates award in two "cycles" depending on whether the application is completed by March 2nd or September 2nd. Our paper focuses only on students who submitted by March 2nd, as the September 2nd deadline is only for students interested in community college attendance.

Award winners are provided four years of a cash "subsistence" award to be used for "living expenses and expenses related to transportation, supplies, and books," equal to $1,551 per year. Students attending any in-state public four-year institution also receive three years of full tuition and fees, whereas those attending accredited private institutions – either non-profits or Title IV eligible for-profits – can receive tuition subsidies up to $9,708 per year. Students who use an award are automatically renewed each year for up to four years, as long as they complete their FAFSA and meet Satisfactory Academic Progress; there is no continued scoring process. Cal Grant tuition payments are "first-dollar" scholarships, meaning that aid is paid to institutions before other forms of financial aid are considered. Although the only aid we can observe are payments made directly by CSAC, previous work on the Cal Grant found that receiving the grant did not change participation in other federal programs such as the Pell Grant or federal tax credits (Bettinger *et al.*, 2019).

CSAC determines award eligibility by assigning students a score between 60 and 200 through a systematic scoring process that involves no human discretion. Eligible students are rank ordered by their point totals, from highest to lowest, with awards offered to the top 11,250 students in each cycle. The key takeaway is that changing applicant pools produced a year-varying eligibility cutoff score that is ex ante unknown to CSAC or any applicants, as shown in Appendix Table 1. Scoring consists of five distinct components, and the majority of the information relies on student self-reports on the FAFSA. The five components are briefly summarized below:

(1) GPA (70 points): Applicants must have a minimum 2.0 GPA. An unweighted GPA of 2.0 earns the minimum score of 30 points, with this score increasing linearly up to a maximum of 70 for a 4.0 GPA.

(2) Income and family size (76 points): Lower income and larger family size increase the point total, with four different scales for dependents and independents who are single, married, or have their own dependents.

(3) Parent Education Level (18 points): Five and nine points are assigned for each parent whose highest education level is high school or below high school, respectively.

(4) Student or Parent Household Status (18 points): A dependent student with parents who are unmarried, divorced, or widowed earns 18 points. An independent student who is single with dependents earns 18 points. There are additional exceptions for orphans or wards of the court, though this affects few applicants.

[25] CSAC only uses a college GPA after a student has attempted at least 24 semester units. College GPAs are given priority over high school GPA, but if a student has both a community college and four-year college GPA, preference is given to the higher value.

(5) Access Equalizer (18 points): Students can earn points one of two ways: (i) Students with college experience – the vast majority of applicants – earn between 0 and 18 points, with more points assigned to students with less postsecondary experience and a longer period of time since they graduated high school. (ii) Students with no college experience are assigned 18 points if they graduated from a high school identified as disadvantaged or if they earned a GED. Students are considered to have no college experience if they submit a high school GPA, rather than college GPA. GED scores are converted to a GPA-point equivalent by CSAC.

Although many students actively choose to submit the GPA verification form, CSAC has attempted to ease the process by entering into data-sharing agreements with various sectors of the California higher education system, primarily public two- and four-year institutions. As a result, CSAC receives automated GPA transfers for most continuing students in public colleges who submit a FAFSA. These students are automatically entered into the applicant pool, even if they are not aware of the award itself.

Students who ultimately earn the Competitive award are entitled to receive one of two payment options, referred to as Cal Grant A and Cal Grant B. In practice, over 95 percent of eligible Competitive award students elect to use the Cal Grant B payment. To qualify for Cal Grant B, students must be classified as "low-income" , which are defined by CSAC-generated cutoffs that are typically about half the maximum income limit for dependents (or independents with dependents), shown in Appendix Table 1 as the Cal Grant B eligibility income limits. Any single or married independent student without dependents is considered low-income. The Cal Grant A option differs from Cal Grant B in four ways. First, students can only select this option if they have a GPA of 3.0 or higher. Second, it offers four years of full tuition payments, rather than the three offered by Cal Grant B. Tuition payments under Cal Grant A can be used immediately, whereas students receiving Cal Grant B must have achieved Sophomore status or higher, as self-identified through the FAFSA. The final but most important difference is that the Cal Grant A option does not include the cash subsistence award, which explains why most applicants select the Cal Grant B option.

Students who apply by the March deadline and do not earn an award, but indicate on the FAFSA that their degree objective is in earning a degree in an occupational or technical program, can re-apply for a smaller financial award known as Cal Grant C. Roughly six percent of the applicant sample who fall just below the March eligibility threshold is offered one of these Cal Grant C awards, which slightly decreases the financial contrast between treatment and control groups. The eligibility process is significantly more complicated for this award, as students must actively re-apply for Cal Grant C. At the time, they were scored based on their academic history, length of work history, and letter of recommendation, as well as receiving extra points for intending to enroll in a program deemed high-need by the state. The exact amounts offered are $2,462 in tuition and fees and $547 for books, tools, and equipment, for up to two years. Approximately 11 percent of for-profit students below the threshold received a payment through this program. Even though a portion of for-profit students below the threshold get this award, there is still a very large change in the likelihood of receiving any Cal Grant payment in the first year and the treatment-control contrast in dollars received is large, in part as Cal Grant C pays relatively little.

Appendix B: Ineligibility Lists

Cal Grant Institutions
Affected by Senate Bill 70 Cohort Default Rate Requirements in 2011-12

Cal Grant Eligible Schools with Over 40% Federal Student Loan Borrowers and Three-Year Cohort Default Rates [1] Equal to or Over 24.6

School Code	SCHOOL (CSAC)	TYPE	2008 % of Federal Student Loan Borrowers	2008 Trial 3-Year Cohort Default Rate[1]
03786300	ADVANCED COLLEGE	PROPRIETARY 2 TO 3 YEARS	71%	32.98
00884400	CALIFORNIA CHRISTIAN COLLEGE	PRIVATE 4 YEARS OR MORE	80%	25.00
02110800	CALIFORNIA COLLEGE SAN DIEGO	PROPRIETARY 4 YEARS OR MORE	84%	30.67
00974806	CARRINGTON COLLEGE ANTIOCH [2]	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974804	CARRINGTON COLLEGE CITRUS HTS [2]	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974808	CARRINGTON COLLEGE EMERYVILLE [2]	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974802	CARRINGTON COLLEGE PLEAS HILL [2]	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974800	CARRINGTON COLLEGE SACRAMENTO [2]	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974807	CARRINGTON COLLEGE SAN JOSE [2]	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974801	CARRINGTON COLLEGE SAN LEANDRO [2]	PROPRIETARY 2 TO 3 YEARS	72%	28.01
00974803	CARRINGTON COLLEGE STOCKTON [2]	PROPRIETARY 2 TO 3 YEARS	72%	28.01
03278300	CHARTER COLLEGE-CANYON COUNTRY	PROPRIETARY 2 TO 3 YEARS	50%	34.37
03278301	CHARTER COLLEGE-LANCASTER	PROPRIETARY 2 TO 3 YEARS	50%	34.37
03278302	CHARTER COLLEGE-LONG BEACH	PROPRIETARY 2 TO 3 YEARS	50%	34.37
02332809	CNTR FOR EMPL TRNG-SAN DIEGO	PRIVATE LESS THAN 2 YEARS	44%	26.85
02332808	CNTR FOR EMPL TRNING-GILROY	PRIVATE LESS THAN 2 YEARS	44%	26.85
02332807	CNTR FOR EMPL TRNING-OXNARD	PRIVATE LESS THAN 2 YEARS	44%	26.85
02332814	CNTR FOR EMPL TRNING-RIVERSIDE	PRIVATE LESS THAN 2 YEARS	44%	26.85
02332845	CNTR FOR EMPL TRNING-SACRAMENTO	PRIVATE LESS THAN 2 YEARS	44%	26.85
02332803	CNTR FOR EMPL TRNING-SANTA MARIA	PRIVATE LESS THAN 2 YEARS	44%	26.85
02332800	CNTR FOR EMPLOY TRNG-SAN JOSE	PRIVATE LESS THAN 2 YEARS	44%	26.85
00903200	EMPIRE COLLEGE	PROPRIETARY 2 TO 3 YEARS	45%	26.15
00809000	EVEREST COLLEGE- ALHAMBRA	PROPRIETARY 2 TO 3 YEARS	76%	35.55
00449400	EVEREST COLLEGE -SAN BERNARDINO	PROPRIETARY 2 TO 3 YEARS	79%	44.93
01287302	EVEREST COLL - CITY OF INDUSTRY	PROPRIETARY 2 TO 3 YEARS	72%	40.66
03072300	EVEREST COLLEGE ONTARIO	PROPRIETARY 2 TO 3 YEARS	74%	35.53
02250602	EVEREST COLLEGE - ONTARIO METRO	PROPRIETARY 4 YEARS OR MORE	88%	40.47
03195400	EVEREST COLLEGE TORRANCE	PROPRIETARY LESS THAN 2 YEARS	69%	34.78
01287301	EVEREST COLLEGE WEST L A	PROPRIETARY 2 TO 3 YEARS	72%	40.66
01110700	EVEREST COLLEGE -ANAHEIM	PROPRIETARY 2 TO 3 YEARS	73%	30.40
01112300	EVEREST COLLEGE -GARDENA	PROPRIETARY 2 TO 3 YEARS	76%	37.78
01112100	EVEREST COLLEGE -HAYWARD	PROPRIETARY 2 TO 3 YEARS	72%	37.76
01110900	EVEREST COLLEGE -RESEDA	PROPRIETARY 2 TO 3 YEARS	76%	32.81
00760600	EVEREST COLLEGE, LOS ANGELES	PROPRIETARY 2 TO 3 YEARS	71%	44.70
01206100	EVEREST COLLEGE-SAN JOSE	PROPRIETARY 2 TO 3 YEARS	68%	37.00
01102400	EVEREST COLL-SAN FRANCISCO	PROPRIETARY LESS THAN 2 YEARS	74%	36.87
03162300	FOUR-D COLLEGE [3]	PROPRIETARY 2 TO 3 YEARS	67%	30.32
02338500	GLENDALE CAREER COLLEGE	PROPRIETARY 2 TO 3 YEARS	65%	25.55
00809300	HEALD COLLEGE - FRESNO	PROPRIETARY 2 TO 3 YEARS	84%	28.47
02593300	HEALD COLLEGE STOCKTON	PROPRIETARY 2 TO 3 YEARS	87%	25.84
03067501	INST OF TECHNOLOGY MODESTO	PROPRIETARY 2 TO 3 YEARS	65%	42.45
03067503	INST OF TECHNOLOGY ROSEVILLE	PROPRIETARY 2 TO 3 YEARS	65%	42.45
02128300	INSTITUTE FOR BUSINESS AND TECH	PROPRIETARY LESS THAN 2 YEARS	64%	38.55
03067500	INSTITUTE OF TECHNOLOGY	PROPRIETARY 2 TO 3 YEARS	65%	42.45
03067505	INSTITUTE OF TECHNOLOGY-REDDING	PROPRIETARY 2 TO 3 YEARS	65%	42.45
03067508	INSTITUTE OF TECHNOLOGY-STOCKTON	PROPRIETARY 2 TO 3 YEARS	65%	42.45

Cal Grant Institutions
Affected by Senate Bill 70 Cohort Default Rate Requirements in 2011-12

Cal Grant Eligible Schools with Over 40% Federal Student Loan Borrowers and Three-Year Cohort Default Rates [1] Equal to or Over 24.6

School Code	SCHOOL (CSAC)	TYPE	2008 % of Federal Student Loan Borrowers	2008 Trial 3-Year Cohort Default Rate[1]
02120900	ITT TECHNICAL INST SACRAMENTO [4]	PROPRIETARY 4 YEARS OR MORE	84%	24.63
03087400	ITT TECHNICAL INST TORRANCE	PROPRIETARY 4 YEARS OR MORE	88%	31.07
03070400	ITT TECHNICAL INST SAN BERN [5]	PROPRIETARY 4 YEARS OR MORE	89%	29.39
03044500	KAPLAN COLLEGE PANORAMA CITY	PROPRIETARY 2 TO 3 YEARS	61%	27.27
02351900	KAPLAN COLLEGE SACRAMENTO	PROPRIETARY 2 TO 3 YEARS	64%	26.19
02565400	KAPLAN COLLEGE STOCKTON	PROPRIETARY 2 TO 3 YEARS	63%	29.98
02351901	KAPLAN COLLEGE - BAKERSFIELD	PROPRIETARY 2 TO 3 YEARS	64%	26.19
02312400	LA COLLEGE INTERNATIONAL	PROPRIETARY 4 YEARS OR MORE	63%	28.92
02128301	NATIONAL CAREER EDUCATION	PROPRIETARY LESS THAN 2 YEARS	64%	38.55
03441400	NEWBRIDGE COLLEGE-SAN DIEGO [6]	PROPRIETARY LESS THAN 2 YEARS	48%	33.93
00449000	PATTEN UNIVERSITY [7]	PRIVATE 4 YEARS OR MORE	44%	26.14
03062700	PLATT COLLEGE ALHAMBRA [8]	PROPRIETARY 4 YEARS OR MORE	80%	25.41
03062701	PLATT COLLEGE ONTARIO	PROPRIETARY 4 YEARS OR MORE	80%	25.41
02577901	SANTA BARB BUS COLL-PALM DESERT	PROPRIETARY 2 TO 3 YEARS	69%	28.28
02577900	SANTA BARBARA BUS COLL BKSFLD	PROPRIETARY 2 TO 3 YEARS	69%	28.28
02578000	SANTA BARBARA BUS COLL SANTA MAR	PROPRIETARY 2 TO 3 YEARS	68%	24.83
00998903	SANTA BARBARA BUS COLL-SANTA BAR	PROPRIETARY 2 TO 3 YEARS	66%	33.48
00998900	SANTA BARBARA BUS COLL-VENTURA	PROPRIETARY 2 TO 3 YEARS	66%	33.48
03113600	SO CAL INSTITUTE OF TECHNOLOGY	PROPRIETARY 4 YEARS OR MORE	56%	30.67
02559312	UNITED EDUCATION INST-ANAHEIM	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559309	UNITED EDUCATION INST-CHULA VISTA	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559310	UNITED EDUCATION INST-EL MONTE	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559300	UNITED EDUCATION INST-HUNTINGTON PARK	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559304	UNITED EDUCATION INST-ONTARIO	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559301	UNITED EDUCATION INST-SAN BERNARDINO	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559303	UNITED EDUCATION INST-SAN DIEGO	PROPRIETARY 2 TO 3 YEARS	94%	35.08
02559305	UNITED EDUCATION INST-VAN NUYS	PROPRIETARY 2 TO 3 YEARS	94%	35.08
03072700	WESTWOOD COLL OF TECH LA	PROPRIETARY 4 YEARS OR MORE	84%	27.64
01287300	WYOTECH LONG BEACH	PROPRIETARY 2 TO 3 YEARS	72%	40.66
00719000	WYOTECH- FREMONT	PROPRIETARY 2 TO 3 YEARS	72%	30.76

[1] Based on U.S. Department of Education Revised FY2008 Cohort Default Rates list, posted April 21, 2011.
[2] Carrington College was formerly Western Career College.
[3] Four-D College has sites in Colton and Victorville.
[4] ITT Technical Inst Sacramento includes the site in Clovis.
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00753100	ACADEMY OF ART UNIVERSITY	PROPRIETARY 4 YEARS OR MORE	53%	10.62	29.2
03786300	ADVANCED COLLEGE	PROPRIETARY 2 TO 3 YEARS	71%	32.98	91.7
02241801	AMERICAN CAREER COLL ANAHEIM	PROPRIETARY 2 TO 3 YEARS	92%	22.79	66.5
03971300	AMERICAN CAREER COLL - ONTARIO	PROPRIETARY 2 TO 3 YEARS	93%	20.41	58.0
02241800	AMERICAN CAREER COLL LOS ANGELES	PROPRIETARY 2 TO 3 YEARS	92%	22.79	78.8
02263101	ANTHEM COLLEGE - SACRAMENTO	PROPRIETARY 4 YEARS OR MORE	71%	21.67	74.6
00716400	BRYAN COLLEGE	PROPRIETARY 2 TO 3 YEARS	48%	12.21	8.9
03399300	BRYAN COLLEGE	PROPRIETARY 2 TO 3 YEARS	100%	22.73	32.3
00884400	CALIFORNIA CHRISTIAN COLLEGE	PRIVATE 4 YEARS OR MORE	80%	25.00	13.3
02110800	CALIFORNIA COLLEGE SAN DIEGO	PROPRIETARY 4 YEARS OR MORE	84%	30.67	62.5
00974808	CARRINGTON COLL CA EMERYVILLE [3]	PROPRIETARY 2 TO 3 YEARS	72%	28.01	44.5
00974807	CARRINGTON COLL CA SAN JOSE [3]	PROPRIETARY 2 TO 3 YEARS	72%	28.01	63.8
00974806	CARRINGTON COLL CA ANTIOCH [3]	PROPRIETARY 2 TO 3 YEARS	72%	28.01	64.8
00974803	CARRINGTON COLL CA STOCKTON [3]	PROPRIETARY 2 TO 3 YEARS	72%	28.01	59.0
00974804	CARRINGTON COLL CA CITRUS HEIGHT [3]	PROPRIETARY 2 TO 3 YEARS	72%	28.01	66.3
00974800	CARRINGTON COLL CA SACRAMENTO [3]	PROPRIETARY 2 TO 3 YEARS	72%	28.01	58.6
00974802	CARRINGTON COLL CA-PLEASANT HILL [3]	PROPRIETARY 2 TO 3 YEARS	72%	28.01	66.5
00974801	CARRINGTON COLL CA-SAN LEANDRO [3]	PROPRIETARY 2 TO 3 YEARS	72%	28.01	56.3
02602300	CENTRAL COAST COLLEGE	PROPRIETARY LESS THAN 2 YEARS	74%	18.45	68.8
03278300	CHARTER COLLEGE-CANYON COUNTRY	PROPRIETARY 2 TO 3 YEARS	50%	34.37	49.9
03278301	CHARTER COLLEGE-LANCASTER	PROPRIETARY 2 TO 3 YEARS	50%	34.37	NR
03278302	CHARTER COLLEGE-LONG BEACH	PROPRIETARY 2 TO 3 YEARS	50%	34.37	NR
02332809	CNTR FOR EMPL TRNG-SAN DIEGO	PRIVATE LESS THAN 2 YEARS	44%	26.85	77.3
02332808	CNTR FOR EMPL TRNING-GILROY	PRIVATE LESS THAN 2 YEARS	44%	26.85	85.7
02332807	CNTR FOR EMPL TRNING-OXNARD	PRIVATE LESS THAN 2 YEARS	44%	26.85	78.9
02332814	CNTR FOR EMPL TRNING-RIVERSIDE	PRIVATE LESS THAN 2 YEARS	44%	26.85	81.8
02332845	CNTR FOR EMPL TRNING-SACRAMENTO	PRIVATE LESS THAN 2 YEARS	44%	26.85	72.5
02332803	CNTR FOR EMPL TRNING-SANTA MARIA	PRIVATE LESS THAN 2 YEARS	44%	26.85	85.7
02332800	CNTR FOR EMPLOY TRNG-SAN JOSE	PRIVATE LESS THAN 2 YEARS	44%	26.85	81.7
00729604	COLEMAN COLLEGE- SAN MARCOS	PRIVATE 4 YEARS OR MORE	88%	15.72	NR
00729600	COLEMAN UNIVERSITY, SAN DIEGO	PRIVATE 4 YEARS OR MORE	88%	15.72	69.2
02110200	COLUMBIA COLLEGE - HOLLYWOOD	PRIVATE 4 YEARS OR MORE	85%	21.78	56.5
00760700	CONCORDE CAREER INST N HOLLYWOO	PROPRIETARY 2 TO 3 YEARS	70%	16.31	82.9
00793000	CONCORDE CAREER INST - SAN DIEGO	PROPRIETARY 2 TO 3 YEARS	81%	23.84	77.6
00853700	CONCORDE CAREER INST-SAN BERN	PROPRIETARY 2 TO 3 YEARS	86%	17.24	75.5
02596400	CRIMSON TECHNICAL COLLEGE	PROPRIETARY 2 TO 3 YEARS	72%	20.61	55.2
01072700	DEVRY UNIVERSITY-POMONA	PROPRIETARY 4 YEARS OR MORE	84%	19.65	NR
00903200	EMPIRE COLLEGE	PROPRIETARY 2 TO 3 YEARS	45%	26.15	86.6
03403300	EPIC BIBLE COLLEGE	PRIVATE 4 YEARS OR MORE	69%	19.44	20.0
00809000	EVEREST COLLEGE- ALHAMBRA	PROPRIETARY 2 TO 3 YEARS	76%	35.55	73.9
00449400	EVEREST COLLEGE -SAN BERNARDINO	PROPRIETARY 2 TO 3 YEARS	79%	44.93	59.1
01287302	EVEREST COLL - CITY OF INDUSTRY	PROPRIETARY 2 TO 3 YEARS	72%	40.66	63.1

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03072300	EVEREST COLLEGE ONTARIO	PROPRIETARY 2 TO 3 YEARS	74%	35.53	71.2
02250602	EVEREST COLLEGE - ONTARIO METRO	PROPRIETARY 4 YEARS OR MORE	88%	40.47	42.8
03195400	EVEREST COLLEGE TORRANCE	PROPRIETARY LESS THAN 2 YEARS	69%	34.78	72.3
01287301	EVEREST COLLEGE WEST L A	PROPRIETARY 2 TO 3 YEARS	72%	40.66	58.1
01110700	EVEREST COLLEGE -ANAHEIM	PROPRIETARY 2 TO 3 YEARS	73%	30.40	66.8
01112300	EVEREST COLLEGE -GARDENA	PROPRIETARY 2 TO 3 YEARS	76%	37.78	68.6
01112100	EVEREST COLLEGE -HAYWARD	PROPRIETARY 2 TO 3 YEARS	72%	37.76	51.8
01110900	EVEREST COLLEGE -RESEDA	PROPRIETARY 2 TO 3 YEARS	76%	32.81	74.9
00760600	EVEREST COLLEGE, LOS ANGELES	PROPRIETARY 2 TO 3 YEARS	71%	44.70	59.3
01206100	EVEREST COLLEGE-SAN JOSE	PROPRIETARY 2 TO 3 YEARS	68%	37.00	66.8
01102400	EVEREST COLL-SAN FRANCISCO	PROPRIETARY LESS THAN 2 YEARS	74%	36.87	65.3
03973300	EXPRESSION COLLEGE	PROPRIETARY 4 YEARS OR MORE	42%	17.81	60.3
03973301	EXPRESSION COLLEGE	PROPRIETARY 4 YEARS OR MORE	42%	17.81	60.3
03162300	FOUR-D COLLEGE [4]	PROPRIETARY 2 TO 3 YEARS	67%	30.32	56.4
03039900	FREMONT COLLEGE	PROPRIETARY 4 YEARS OR MORE	83%	22.54	63.1
03039901	FREMONT COLLEGE LOS ANGELES	PROPRIETARY 4 YEARS OR MORE	83%	22.54	NR
01202700	GALEN COLL OF MED DENT ASSISTING	PROPRIETARY LESS THAN 2 YEARS	74%	16.02	71.5
02338500	GLENDALE CAREER COLLEGE	PROPRIETARY 2 TO 3 YEARS	65%	25.55	89.5
02593100	HEALD COLL, ROSEVILLE-SCH OF BUS	PROPRIETARY 2 TO 3 YEARS	79%	18.05	22.1
00809300	HEALD COLLEGE - FRESNO	PROPRIETARY 2 TO 3 YEARS	84%	28.47	30.9
02593300	HEALD COLLEGE STOCKTON	PROPRIETARY 2 TO 3 YEARS	87%	25.84	22.5
00853200	HEALD COLLEGE - HAYWARD	PROPRIETARY 2 TO 3 YEARS	88%	23.36	21.4
02593200	HEALD COLLEGE MILPITAS	PROPRIETARY 2 TO 3 YEARS	88%	23.73	28.0
03034000	HEALD COLLEGE SALINAS	PROPRIETARY 2 TO 3 YEARS	85%	23.10	25.6
00723400	HEALD COLLEGE-SAN FRANCISCO	PROPRIETARY 2 TO 3 YEARS	87%	21.90	24.0
00747700	HEALD COLL-RANCHO CORDOVA	PROPRIETARY 2 TO 3 YEARS	79%	23.45	67.6
02187500	HEALD COLL-SCH OF TECH-CONCORD	PROPRIETARY 2 TO 3 YEARS	83%	19.96	24.1
02128301	INST FOR BUSINESS AND TECHNOLOGY [5]	PROPRIETARY LESS THAN 2 YEARS	64%	38.55	16.8
03067501	INST OF TECHNOLOGY MODESTO	PROPRIETARY 2 TO 3 YEARS	65%	42.45	NR
03067503	INST OF TECHNOLOGY ROSEVILLE	PROPRIETARY 2 TO 3 YEARS	65%	42.45	NR
02128300	INSTITUTE FOR BUSINESS AND TECH	PROPRIETARY LESS THAN 2 YEARS	64%	38.55	87.3
03067500	INSTITUTE OF TECHNOLOGY	PROPRIETARY 2 TO 3 YEARS	65%	42.45	63.7
03067505	INSTITUTE OF TECHNOLOGY-REDDING	PROPRIETARY 2 TO 3 YEARS	65%	42.45	NR
03067508	INSTITUTE OF TECHNOLOGY-STOCKTON	PROPRIETARY 2 TO 3 YEARS	65%	42.45	NR
03031409	INTERNTL ACAD OF DESIGN AND TECH	PROPRIETARY 4 YEARS OR MORE	68%	20.21	NR
02321900	ITT TECHNICAL INST ANAHEIM	PROPRIETARY 4 YEARS OR MORE	88%	24.08	30.3
02120900	ITT TECHNICAL INST SACRAMENTO [6]	PROPRIETARY 4 YEARS OR MORE	84%	24.63	34.2
02321800	ITT TECHNICAL INST SYLMAR	PROPRIETARY 4 YEARS OR MORE	87%	22.37	44.5
03087400	ITT TECHNICAL INST TORRANCE	PROPRIETARY 4 YEARS OR MORE	88%	31.07	23.9
02291504	ITT TECHNICAL INST LATHROP	PROPRIETARY 4 YEARS OR MORE	88%	23.98	38.5
02321801	ITT TECHNICAL INST OXNARD	PROPRIETARY 4 YEARS OR MORE	87%	22.37	17.6
03070400	ITT TECHNICAL INST SAN BERN [7]	PROPRIETARY 4 YEARS OR MORE	89%	29.39	31.6
02291600	ITT TECHNICAL INST SAN DIEGO	PROPRIETARY 4 YEARS OR MORE	87%	22.69	24.7
02291500	ITT TECHNICAL INST WEST COVINA	PROPRIETARY 4 YEARS OR MORE	88%	23.98	NR

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03044500	KAPLAN COLLEGE PANORAMA CITY	PROPRIETARY 2 TO 3 YEARS	61%	27.27	71.2
02351900	KAPLAN COLLEGE SACRAMENTO	PROPRIETARY 2 TO 3 YEARS	64%	26.19	60.4
02565400	KAPLAN COLLEGE STOCKTON	PROPRIETARY 2 TO 3 YEARS	63%	29.98	65.7
02351901	KAPLAN COLLEGE - BAKERSFIELD	PROPRIETARY 2 TO 3 YEARS	64%	26.19	62.0
02539100	KAPLAN COLLEGE N HOLLYWOOD	PROPRIETARY 2 TO 3 YEARS	70%	16.02	73.2
02306300	KAPLAN COLLEGE SALIDA	PROPRIETARY 2 TO 3 YEARS	63%	21.83	74.1
02091701	KAPLAN COLLEGE - SAN DIEGO	PROPRIETARY 2 TO 3 YEARS	55%	17.20	58.5
02306302	KAPLAN COLLEGE -FRESNO	PROPRIETARY 2 TO 3 YEARS	63%	21.83	70.4
02539102	KAPLAN COLLEGE- RIVERSIDE	PROPRIETARY 2 TO 3 YEARS	70%	16.02	70.2
02091700	KAPLAN COLLEGE SAN DIEGO	PROPRIETARY 2 TO 3 YEARS	55%	17.20	58.5
02549000	KAPLAN COLLEGE VISTA	PROPRIETARY 2 TO 3 YEARS	61%	22.97	70.5
02091702	KAPLAN COLLEGE-CHULA VISTA	PROPRIETARY 2 TO 3 YEARS	55%	17.20	NR
02549005	KAPLAN COLLEGE-PALM SPRINGS	PROPRIETARY 2 TO 3 YEARS	61%	22.97	68.2
02312400	LA COLLEGE INTERNATIONAL	PROPRIETARY 4 YEARS OR MORE	63%	28.92	23.5
02570300	LOS ANGELES ORT TECHNICAL INST	PRIVATE 2 TO 3 YEARS	89%	15.97	71.7
03128700	MOUNT SIERRA COLLEGE	PROPRIETARY 4 YEARS OR MORE	84%	15.70	29.5
01291200	MTI COLLEGE	PROPRIETARY 2 TO 3 YEARS	94%	21.93	58.3
02161800	MUSICIAN'S INSTITUTE	PROPRIETARY 4 YEARS OR MORE	46%	17.77	54.1
03441400	NEWBRIDGE COLLEGE - SAN DIEGO [8]	PROPRIETARY LESS THAN 2 YEARS	48%	33.93	71.7
01287201	NORTHWEST COLL RIVERSIDE	PROPRIETARY 2 TO 3 YEARS	50%	17.27	67.8
01170700	NORTHWEST COLL OF MED DEN ASSIST	PROPRIETARY 2 TO 3 YEARS	55%	16.87	69.5
01287200	NORTHWEST COLL OF MED DEN ASSIST	PROPRIETARY 2 TO 3 YEARS	50%	17.27	61.7
02591600	NORTHWEST COLL OF MED DEN ASSIST	PROPRIETARY 2 TO 3 YEARS	46%	22.08	69.3
00449000	PATTEN UNIVERSITY [9]	PRIVATE 4 YEARS OR MORE	44%	26.14	46.0
02217106	PIMA MEDICAL INSTITUTE	PROPRIETARY 2 TO 3 YEARS	87%	17.85	64.9
03062701	PLATT COLLEGE ONTARIO	PROPRIETARY 4 YEARS OR MORE	80%	25.41	59.4
03062700	PLATT COLLEGE ALHAMBRA [10]	PROPRIETARY 4 YEARS OR MORE	80%	25.41	58.9
03069500	SAGE COLLEGE	PROPRIETARY 2 TO 3 YEARS	99%	12.06	11.8
03069501	SAGE COLLEGE-SAN DIEGO	PROPRIETARY 2 TO 3 YEARS	99%	12.06	11.8
02120705	SAN JOAQUIN VALL COLL-HANFORD	PROPRIETARY 2 TO 3 YEARS	64%	21.56	NR
02120703	SAN JOAQUIN VALLEY COLL BKSFLD	PROPRIETARY 2 TO 3 YEARS	64%	21.56	46.2
02120701	SAN JOAQUIN VALLEY COLL FRESNO	PROPRIETARY 2 TO 3 YEARS	64%	21.56	48.9
02120700	SAN JOAQUIN VALLEY COLL VISALIA	PROPRIETARY 2 TO 3 YEARS	64%	21.56	63.8
02120704	SAN JOAQUIN VALLEY COLL CUCAMONG	PROPRIETARY 2 TO 3 YEARS	64%	21.56	62.9
02120706	SAN JOAQUIN VALLEY COLL-MODESTO	PROPRIETARY 2 TO 3 YEARS	64%	21.56	67.0
02577900	SANTA BARBARA BUS COLL BKSFLD	PROPRIETARY 2 TO 3 YEARS	69%	28.28	32.5
02578000	SANTA BARBARA BUS COLL SANTA MAR	PROPRIETARY 2 TO 3 YEARS	68%	24.83	37.0
02577901	SANTA BARBARA BUS COLLEGE [11]	PROPRIETARY 2 TO 3 YEARS	69%	28.28	NR
00998903	SANTA BARBARA BUS COLL-SANTA BAR	PROPRIETARY 2 TO 3 YEARS	66%	33.48	NR
00998900	SANTA BARBARA BUS COLL-VENTURA	PROPRIETARY 2 TO 3 YEARS	66%	33.48	39.0
03752400	SCHOOL OF URBAN MISSIONS	PRIVATE 4 YEARS OR MORE	69%	23.08	72.7
02120707	SJVC-RANCHO CORDOVA	PROPRIETARY 2 TO 3 YEARS	64%	21.56	41.8
03113600	SO CAL INSTITUTE OF TECHNOLOGY	PROPRIETARY 4 YEARS OR MORE	56%	30.67	60.7
02277400	SOUTH COAST COLLEGE	PROPRIETARY 2 TO 3 YEARS	79%	15.04	30.0

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03359300	ST. FRANCIS CAREER COLL-LYNWOOD	PRIVATE LESS THAN 2 YEARS	82%	16.45	87.5
03359301	ST. FRANCIS CAREER COLL-SAN JOSE	PRIVATE LESS THAN 2 YEARS	82%	16.45	NR
00723600	THE ART INST OF CALIF, L.A. [12]	PROPRIETARY 4 YEARS OR MORE	82%	11.74	24.9
03125400	THE ART INST OF CALIF-HOLLYWOOD [13]	PROPRIETARY 4 YEARS OR MORE	85%	19.33	41.0
03125401	THE ART INST OF CALIF-SUNNYVALE [14]	PROPRIETARY 4 YEARS OR MORE	85%	19.33	NR
02612800	THE LOS ANGELES RECORDING SCHOOL	PROPRIETARY LESS THAN 2 YEARS	73%	18.01	79.3
02559300	UNITED EDUCATION INST	PROPRIETARY 2 TO 3 YEARS	94%	35.08	74.6
02559312	UNITED EDUCATION INST-ANAHEIM	PROPRIETARY 2 TO 3 YEARS	94%	35.08	NR
02559309	UNITED EDUCATION INST-CHULA VIST	PROPRIETARY 2 TO 3 YEARS	94%	35.08	NR
02559310	UNITED EDUCATION INST-EL MONTE	PROPRIETARY 2 TO 3 YEARS	94%	35.08	NR
02559304	UNITED EDUCATION INST-ONTARIO	PROPRIETARY 2 TO 3 YEARS	94%	35.08	NR
02559301	UNITED EDUCATION INST-SAN BERN	PROPRIETARY 2 TO 3 YEARS	94%	35.08	NR
02559303	UNITED EDUCATION INST-SAN DIEGO	PROPRIETARY 2 TO 3 YEARS	94%	35.08	NR
02559305	UNITED EDUCATION INST-VAN NUYS	PROPRIETARY 2 TO 3 YEARS	94%	35.08	NR
03427500	UNIVERSITY OF ANTELOPE VALLEY	PROPRIETARY 4 YEARS OR MORE	77%	23.86	74.5
02098800	UNIVERSITY OF PHOENIX	PROPRIETARY 4 YEARS OR MORE	70%	21.17	18.0
03698300	WEST COAST UNIVERSITY	PROPRIETARY 4 YEARS OR MORE	92%	4.62	11.1
03072700	WESTWOOD COLL OF TECH LA	PROPRIETARY 4 YEARS OR MORE	84%	27.64	20.4
00754802	WESTWOOD COLL OF TECH ANAHEIM	PROPRIETARY 4 YEARS OR MORE	88%	22.52	42.6
00754803	WESTWOOD COLL OF TECH UPLAND	PROPRIETARY 4 YEARS OR MORE	88%	22.52	34.0
01162600	WESTWOOD COLL OF TECH- SOUTH BAY	PROPRIETARY 4 YEARS OR MORE	87%	23.85	37.3
01287300	WYOTECH LONG BEACH	PROPRIETARY 2 TO 3 YEARS	72%	40.66	61.5
00719000	WYOTECH- FREMONT	PROPRIETARY 2 TO 3 YEARS	72%	30.76	52.4
00915706	WYOTECH W SACRAMENTO	PROPRIETARY 2 TO 3 YEARS	74%	17.78	68.5

[1] From U.S. Department of Education Revised FY2008 Cohort Default Rates list, posted April 21, 2011.
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[3] Carrington College was formerly Western Career College.
[4] Four-D College has sites in Colton and Victorville.
[5] Inst for Business and Technology was formerly National Career Education.
[6] ITT Technical Inst Sacramento includes the site in Clovis.
[7] ITT Technical Inst San Bern includes sites in Concord, Corona and Oakland.
[8] Newbridge College-San Diego was formerly Valley Career College.
[9] Patten University was formerly Patten College.
[10] Platt College Alhambra was formerly Platt College of Los Angeles.
[11] Santa Barb Bus Coll-Rancho Mirage was formerly Santa Barb Bus Coll-Palm Desert.
[12] The Art Inst of Calif, L.A. is now known as Argosy University-The Art Institute-L.A.
[13] The Art Inst of Calif-Hollywood is now known as Argosy University-The Art Institute-Hollywood.
[14] The Art Inst of Calif-Sunnyvale is now known as Argosy University-The Art Institute-Sunnyvale.

* By law, these CDR and graduation rate thresholds only apply to qualifying institutions with more than 40 percent of their undergraduate students borrowing federal student loans. A limited exception in law also allows institutions who do not meet the graduation threshold to continue to be eligible if their CDR is below 10% and their graduation rate is above 20%.

Legend: NR - Not Reported by U.S. Department of Education