



## **Fast Blast**

**From the California Student Aid Commission**

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*In support of the Commission's ongoing goal of providing California's financial aid community with proactive and current updates, we are providing this update on the Commission's renewal Institutional Participation Agreement (IPA) process. Please share this with any interested person who may not have received this newsletter.*

Below you will find updates on the three issues that are being discussed in light of the upcoming 2008-09 IPA development process: Separate Accounts, High School Graduation Certification, and California Residency Determination. The updates are the result of discussions at the May 24, 2007, IPA Workshop attended by Commission staff and members of California's financial aid community, and at the Commission's Grant Advisory Committee (GAC) meeting on May 24.

#### **Separate Accounts**

The Separate Accounts issue was discussed during two sessions of the IPA Workshop. The discussion focused on whether or not a non-public institution should be required to maintain Cal Grant funds in an interest-bearing account that is separate from other funds (i.e., no commingling of funds). The state has less ability to protect state funds when non-public institutions are involved in bankruptcy matters than public institutions.

The participants of the Workshop agreed that preventive measures should be taken to identify high risk institutions before they close, or declare bankruptcy. Two suggestions resulted from the discussions:

- Collect the AR 133 (federal audit) financial statements and conduct an institutional survey which would request information on the institution's enrollment and accreditation status;
- Build Commission partnerships with other financial aid entities, such as the U.S. Department of Education, to garner expertise and create criteria to determine high risk institutions (similar to the federal "watch list").
- Once a risk assessment has been established for non-public institutions, different levels of intervention can be implemented to protect Cal Grant funds.

#### **High School Graduation Certification**

At the May 24, 2007 IPA Workshop, Commission staff and stakeholders reviewed alternatives to the current 2007-08 IPA high school graduation confirmation process. Preferred and alternative solutions were proposed and discussed.

Preferred Solution – Create an online high school certification process that would allow students, colleges and high school staff the ability to confirm high school graduation for new Cal Grant Entitlement participants. The Cal Grant Roster would store the certification information for easy access by institutions.

Alternative Solutions – 1) If resources and time are not sufficient to implement the above Preferred Solution, then an online student self-certification process was proposed. A self-certification process would allow students the opportunity to certify their high school graduation status, negating the additional

need for online access by high school and institutional staff. 2) If an online student self-certification process is not possible, then a CSAC-based paper process was proposed (e.g., CSAC would mail G-8 forms and track which students still require graduation certification).

### **California Residency Determination**

Discussions were held to establish requirements for a consistent and thorough California Residency policy for all Cal Grant applicants. The following items were discussed and jointly proposed.

Residency Definition – The suggestion was made to use the California Community College definition of California Residency, as it is the least restrictive of all the public segments: “The student shall be required to present evidence of physical presence in California and intent to make California their home for other than a temporary purpose for at least one year prior to the residence determination date.”

Residency Determination Date – If the governing board of an institution has adopted by regulation or policy a residency determination date, that date shall be used for Cal Grant purposes.

Otherwise, the first day of instruction of the term in which the student is enrolled as a Cal Grant recipient shall be the residency determination date for Cal Grant purposes.

Conflicting Information – Conflicting information may include indicators on the ISIR such as:

- Permanent mailing address in a state other than California
- Driver’s license issued by a state other than California
- Student’s state of address not a California address
- Date of residency not more than a year prior to residency determination date
- (If minor) parent’s state of address not a California address
- (If minor) parent’s date of residence not more than a year prior to residency determination date
- Any other information available at the institution which shows inconsistency with a claim of California residency

### **Next Steps**

Commission staff is currently reviewing the proposed Cal Grant California Residency policy before it is re-submitted to interested parties for further discussion. Staff is working with IT to identify requirements for the collection of the high school post graduation information. New drafts of issue papers with recommendations will be disseminated to all stakeholders and the Grant Advisory Committee (GAC) the week of July 9, and will be discussed at the July 19, 2007, GAC public meeting in Rancho Cordova. Details and documents will be posted on the Commission’s website and shared in future Fast Blasts.

All parties hope to craft final draft recommendations for Commission consideration at a public meeting no later than September. The provisions will then become part of the 2008-09 IPA next July.

If you have questions about the Institutional Participation Agreement, please contact Lori Nezhura at (916) 526-7261 or [lnezhura@csac.ca.gov](mailto:lnezhura@csac.ca.gov)

On behalf of the Commission and Commission staff, I want to thank our financial aid partners for another successful Cal Grant financial aid season.

