

Item 12

Information Item

Update on the Commission's Institutional Participation Agreement (IPA) and consideration of specific issues

The Institutional Participation Agreement (IPA) establishes the administrative, fiscal, and information security requirements for eligible institutions participating in the Cal Grant program. The current IPA expires June 30, 2016. Staff provided an information item on the IPA at the Commission's February 19-20, 2015 meeting and status updates at the April 16-17 and June 25-26, 2015 meetings. Staff anticipates recommending adoption of the 2016-20 IPA at the February 2016 meeting to ensure adequate time for institutions to submit required documents and obtain needed signatures prior to the commencement of the new IPA on July 1, 2016.

The Presidents or Chief Executive Officers from all currently participating institutions were contacted on June 2, 2015 to inform them of the IPA review process and the manner in which they, or their representatives, could participate in that process. Since June, staff has held seven collaborative stakeholder consultation workgroup meetings and two subcommittee meetings to review each of the IPA Articles and to discuss possible amendments to the IPA. External members of the workgroup included four University of California representatives, four California State University representatives, fourteen California Community College representatives, and fifteen representatives from private institutions.

Staff scheduled four town hall style public comment meetings in August to offer all stakeholders the opportunity to provide IPA recommendations for Commission consideration. The public comment meetings were postponed as a result of low participation of the campus representatives many of whom were unavailable due to the start of the fall term. These meetings have been rescheduled for October.

Proposed Amendments to the IPA

Since the June Commission meeting, staff and external stakeholders have proposed some IPA changes which are currently being reviewed and will require additional consultation before recommending to the Commission. Most of these proposed changes from staff and stakeholders have a low-to-medium impact, such as minor operational changes, clarification on policies and strengthening language to provide efficiencies in the administration of the Commission programs. The proposed changes will not require Commission action and can be resolved between Commission staff and the institutions.

However, there are ongoing issues that are not likely to be resolved between the staff and the external stakeholder. Commission staff is asking that the Commission provide direction on the following IPA staff recommendations where a compromise has not been achieved, so that the issue can be resolved and the process can move forward:

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1. Enrollment files with unit information

Commission staff proposed adding language in the IPA requiring institutions to send enrollment files with unit information to the Commission three days after the Institution's census date, but no later than October 15th, allowing the Commission to verify Cal Grant eligibility, offer reporting or other enhancements to help schools improve their payment operations, and better identify students who may be eligible for Cal Grant payment.

Due to concerns from segments over this recommendation, Commission staff established a subcommittee to openly discuss enrollment data collection. Subcommittee participants included stakeholders from each of the Cal Grant participating segments. Collectively, representatives from AICCU, CCC, CSU, UC, and CCFAAA created an alternative approach proposal, a copy of which is attached to this Exhibit. This proposal would require the Commission to establish an online Cal Grant Claiming Portal separate from WebGrants that students could use to claim their Cal Grant awards.

Commission staff discussed this proposal with subcommittee members. Staff questioned the proposal's effectiveness and explained that the portal was not unlike the current WebGrants for Students system. The subcommittee member's proposal would require the Commission to build another portal for students that have the same features as the WebGrants for Students portal. Campus representatives also asserted that the students should be made accountable for their Cal Grant awards and understand how the program works, including payments.

Additional responses from segments regarding enrollment files included the following:

- Community Colleges – Expand the due date for enrollment files to the Commission, perhaps mid-November for fall and mid-March for spring terms. Community colleges were concerned that after providing the Commission with unit information, institutions would be expected to establish consortium agreements when students were identified as taking classes at multiple campuses, which would be difficult based on their current staffing levels.

Additionally, this segment is concerned that once Commission staff is able to identify students who accrued part-time or full-time status based on the combined units taken at different campuses, staff would expect that the students be paid their Cal Grant awards.

- Commission staff response: Extending the due date of enrollment files to accommodate workload concerns can be achieved. Submitting student unit information will help the Commission identify solutions to ensure all eligible students are paid their Cal Grants, rather than remaining unpaid.
- UC/CSU – Concern of workload involved and the large number of student records they would have to provide. They argued that students need to be made responsible to identify the institution they attend. CSU was also concerned about adding up units from multiple campuses to achieve full-time status.
 - Commission staff response: Too often students are forced to enroll at other campuses to get the classes they need to complete their degree. Submitting student unit information will help the Commission identify solutions to get students paid a Cal Grant and reduce the student's debt burden associated with not being able to adequately access the Cal Grant award.

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- Private Colleges – Concerned with the privacy of student information through data transmission, especially students that attend an out-of-state college.
 - Commission staff response: Data integrity and student privacy is paramount to the Commission. Enrollment and unit data files will be treated the same as the data currently being provided by institutions for grant funding. Staff is concerned about identifying Cal Grant-eligible students; students not attending school in California are not eligible.

2. Education Level verification

Commission staff recommended adding language related to California Education Code (CEC) section 69433.6 requiring institutions to verify and report student educational levels before disbursements are made for competitive and transfer students. This would keep eligibility consistent from fall to spring semesters in the same academic year.

Segment response to this recommendation:

- Community Colleges – Verification of education levels prior to Cal Grant disbursement is a concern for the community colleges due to workload issues, as they do not require transcripts for all students, which could be a barrier to access. Community colleges prefer using self-reported education levels listed on the student's FAFSA.
 - Commission staff response: The Code of Federal Regulations 668.34 regarding Satisfactory Academic Progress states that credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours. Additionally, per the FSA handbook, colleges must have an established procedure for reviewing and addressing additional information that may have an impact on SAP reviews. Therefore, institutions following federal SAP guidelines, should confirm a student's education level.
 - In addition, the CEC requires that this verification occur so that the student's award is set at the appropriate amount of eligibility in the Cal Grant Program.

3. Expanding the IPA to include all Commission-administered programs

Commission staff recommended expanding the IPA to encompass other programs to ensure the uniformity of all programs administered by the Commission. This can be achieved by adding Exhibits to the IPA.

Segment response to this recommendation:

- UC/CSU – Would like to ensure the IPA remains a Cal Grant only document.
 - Commission staff response: Adding Exhibits to the IPA to incorporate all programs administered by the Commission allows the Agreement to remain Cal Grant-centric with the Exhibits applying only to the institutions that administer those specific programs.

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4. No Term Advances

Commission staff recommended stipulating that no term advances will be made to institutions. Instead, rosters will open early in the summer to allow institutions to work their rosters and report accurate enrollment figures to the Commission for student disbursements. In alignment with CEC 69432.8, the Commission may determine to advance funds to institutions, but it is not a requirement. Opening rosters early simplifies accounting, allows for accurate payments to institutions, alleviates workload issues for institutions at the start of the term, and streamlines operational efficiencies for the Commission and reduces audit findings relating to failure to remit interest on Can Grant funds.

Segment responses to this recommendation:

- Community Colleges – Concerned that this would cause confusion for students and more work for the school because students who are deemed eligible for disbursement often change their enrollment status before the term begins, requiring schools to touch student accounts multiple times to disburse and adjust.
 - Commission staff response: Schools should only post student payments once enrollment is confirmed versus disbursing up front and then having to make adjustments on the back end. The Commission has a fiduciary responsibility over state funds. Currently, many schools do not disburse the advanced state funds as students are not paid right away. Schools are to calculate and refund interest earned on these advanced funds creating an additional burden to schools.
- UC/CSU – Suggest adding an “opt-in/opt-out” option to receive advances on the IPA because constant transfer of enrollment files causes multiple accounting transactions and is difficult for schools.
 - Commission staff response: Having no advances can be viewed as a pay-as-you-go model. The majority of schools take 3-4 weeks to use just 50% of the advance. This suggests that providing advances is not necessary. It makes more sense to tie each payment to a specific school request than to provide an advance without confirmation or enrollment. This does not require any process change for the school, rather it allows campuses to control when funds are received by deciding whether to send enrollment files earlier or later.

5. Require financial literacy training

Staff recommended adding financial literacy training for students as an institutional responsibility before a student is awarded a Cal Grant. This training would include educating students on Cal Grant disbursement options and dates, the number of units students are required to be enrolled in to be eligible for Cal Grant payment, managing funds, and understanding financial aid terms.

Segments responses to this recommendation:

- Community Colleges: CCCs already offer financial literacy training, this requirement is interpreted as the Commission removing responsibility.

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- Commission staff response: Staff are not looking to remove responsibility, but rather, enhance the current training offerings to ensure Cal Grant students are knowledgeable about their grant funding.
- UC/CSU: This should not be an institutional responsibility. We can offer a training but cannot make a student attend.
 - Commission staff response: Staff could potentially create the training and offer it through WebGrants for Students or through the college's website portal.
- Private Colleges: Private schools would need specific literature from the Commission.
 - Commission staff response: Commission staff wants to firm up students' understanding of Cal Grant eligibility, years of eligibility, etc. This recommendation aligns with training currently being offered at campuses.

6. Separately published policy for Cal Grant B access and Cal Grant C books and supplies

Staff recommended schools have a separately published policy for notifying students of disbursement options for Cal Grant B access and Cal Grant C books and supplies. Students have a choice in how their access or books and supplies funds are applied.

Segment response to this recommendation:

- Community Colleges: Consider just aligning with the U.S. Department of Education, as Cash Management is currently under Notice of Proposed Rule Making regarding cash management.
 - Commission staff response: Cal Grant awardees should be notified that they can rescind having their Cal Grant funds applied to their expenses and may receive the access or book and supply awards directly.
- UC/CSU: For schools that already provide a published policy, why have a separate policy to notify students?
 - Commission staff response: Students have communicated feedback that they are not aware of eligibility, award types, disbursement dates, modality of payment, etc. Having a separately published policy at the institution will better educate students and Commission staff can direct them to that policy.

7. Requiring institutions to utilize the batch upload process

Staff recommended adding language to require institutions to utilize the batch upload process as a primary method to report payments, adjustments, and status updates.

Segments responses to this recommendation:

- Community Colleges: Not all schools have the ability to batch upload due to older systems. The CCCs are not provided funding to update their systems.

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- Commission staff response: Schools that do not utilize the batch upload process must post Cal Grant payments in WebGrants manually for each student. The individual student entry is cumbersome and takes valuable time away from campus financial aid staff to counsel students. The manual process also delays Cal Grant reimbursements for students.

Continue Consultation with Stakeholders

Based on the input from stakeholders and staff, the draft revised IPA will be shared with the workgroup for review in September and at the October IPA town hall meetings. It is anticipated that Commission staff will ask for the Commission to adopt, or provide direction on additional items at its November 2015 meeting.

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