

Information Item

California Student Aid Commission

Update on Commission implementation of Chapter 644, Statutes of 2009 (AB 187) and the pilot program for a Cal Grant alternative delivery system

Tab 2.a is a summary of the progress of the Commission's implementation of AB 187 that was included in the written testimony of Executive Director Diana Fuentes-Michel before the Assembly Budget Subcommittee #2 on Education on March 24, 2010.

Since the preparation of the summary, Commission staff received and is considering suggestions from the various segments of higher education to determine whether and how to incorporate the suggestions into the pilot program.

AB 187 requires the Commission to adopt emergency regulations by July 1, 2010, to implement AB 187. Commission staff has begun drafting the emergency regulations and intends to present them to the Advisory Task Force before presenting them to the Commission for adoption at the June 2010 Commission meeting.

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AB 187 – ALTERNATIVE CAL GRANT DELIVERY SYSTEM

November 5, 2009

Assembly Bill (AB) 187 was signed into law, requiring the California Student Aid Commission to establish a pilot program for an alternative Cal Grant delivery system.

- AB 187 requires at least 30, but no more than 35, institutions of higher education to participate in the pilot program and to pay the Commission's costs of developing, implementing and maintaining the alternative delivery system.
- The three public segments must choose up to 25% of their institutions to participate.
- If at least 30 institutions do not participate and pay the Commission's costs, the Commission will be unable to implement the pilot program.
- The Legislative Analysts Office must report on the implementation and outcome of the first award cycle under the pilot program by January 10, 2012.

November 19, 2009

As required by AB 187, the Commission made the following determination:

With the restoration of the \$4.3 million to the Commission's 2009-10 state operations budget and no additional budget reductions beyond those required by the 2009-10 Budget Act during the development and implementation of a pilot Cal Grant alternative delivery system, sufficient funding exists for the Commission to conduct its regular operations for administering the Cal Grant Program.

Should the Commission be subject to additional reductions, beyond those identified, the Commission will be unable to continue the pilot program.

December 3, 2009

The Commission convened an Advisory Task Force, with representatives from all institutional segments and the Department of Finance, Legislative Analysts Office and legislative staff in attendance. A Task Force identified and assigned technical and program staff to a Technical Subcommittee.

January 20, 2010

A Technical Subcommittee teleconference meeting was held and initial concepts were discussed.

February 24, 2010

A survey was released seeking information on institutional technical capabilities and financial aid management systems. A draft of the survey had been shared with the Technical Subcommittee for feedback before being released.

March 8 to 25, 2010

Segmental teleconference meetings are scheduled on admissions and timing issues.

AB 187 – ALTERNATIVE CAL GRANT DELIVERY SYSTEM

Utilization of Existing Grant Delivery System Capabilities

The tentative pilot program concepts envision taking advantage of the Commission's existing Grant Delivery System capabilities, in particular, the Cal Grant roster attendance and payment reporting functions.

- The roster function serves as a grant eligibility and payment issuance record for the institutions and the Commission.
- Institutions and students can also view the payment or non-payment of award funds on-line through WebGrants.
- Incorporating these centralized functions into the pilot program would avoid redesigning the successful payment requesting system allowing institutions to receive Cal Grant funds through the State Controller's electronic fund transfer (EFT) payment delivery system. Institutional accounting offices can reconcile their records against payment requests made and passed on to the Controller's office.
- This maintains accountability of state funds by allowing review by both the Commission and the Controller's office, thus ensuring continued accountability for state funds, and reducing the costs to develop, implement and maintain the alternative delivery system, which must be paid by institutions participating in the pilot program.

Notification of Awards

Cal-Grant-eligible students identified as having applied for admission to pilot institutions would not receive award notifications from the Commission. The pilot institutions would be responsible for awarding and notifying Cal Grant participants of their eligibility and notifying the Commission of the awards. This could be done at any time starting in January.

However, Education Code section 66021.2 establishes the long-term Cal Grant policy of access to, and selection of, an institution of higher education for students with financial need. The Cal Grant Program reinforces this policy of choice and access through the portability of Cal Grant awards. That is, students may use their Cal Grant awards at any institution in any segment of higher education that participates in the Cal Grant Program.

- Thus, the pilot program concept would comply with the access and selection mandates by requiring every pilot institution, when awarding a Cal Grant to a student, to notify the student of the portability of the award and the potential amount of the Cal Grant at institutions in the other segments.
- If a pilot institution does not want to develop its own method of providing this information to students, the pilot institution would be able to refer students to the Commission's existing WebGrants for Students (WGS) website, which provides a Cal Grant award simulation capability for any Cal Grant institution. WGS also enables students to report changes in their institutions of attendance, such as moving from or to pilot institutions, as well as demographic changes.
- The pilot institution would be required to notify the Commission of eligible students *not* awarded by the pilot institution. The Commission would then award Cal Grants to those students, about mid-April, and notify them of their options for using the Cal Grant award at any participating Cal Grant institution. This would ensure that Cal-Grant-eligible students who are *not* awarded by pilot institutions would be treated the same as other students awarded Cal Grants by the Commission.

Tracking

It is envisioned that the Commission would maintain its tracking of all students who are awarded Cal Grants by pilot institutions and the Commission:

- to ensure that eligibility limits are not exceeded,
- to prevent duplicate award payments,
- to ensure an appropriate audit trail, and
- to ensure that all students are notified about their potential Cal Grant awards.

Grade Point Average Information

The Commission would also continue to serve as the central depository of grade point average information for all Cal Grant students, thus eliminating the need for students and high schools to file grade point averages multiple times, with multiple institutions, and to ensure compliance with the March 2 deadline for grade point averages.