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Action Item

California Student Aid Commission

Consent Calendar

Recommended Action: Approve the consent agenda, including:

- January 26, 2009 and February 26, 2009 minutes.
- Sponsorship of a Veterans Benefit bill
- Ratification of a Contract Amendment with R&G Associates to Increase the Amount of the Contract from \$80,000 to \$104,000 and to extend the term of the contract to June 30, 2009

**CALIFORNIA STUDENT AID COMMISSION
TELECONFERENCE MEETING MINUTES
JANUARY 26, 2009**

A meeting of the California Student Aid Commission was held on Monday, January 26, 2009 at 10834 International Drive, Rancho Cordova, California and the locations listed on the amended meeting notice dated January 23, 2009.

Chair Barry Keene called the meeting to order at 10:00 a.m.

The following Commission Members were present:

Barry Keene, Chair
Lorena Hernandez, Vice Chair (via telephone)
Lynne de Bie (via telephone)
Patricia Fong Kushida (via telephone)
Bonaparte Liu (via telephone)
Enrique Murillo (via telephone)
Israel Rodriguez (via telephone)
Antonio Solórzano, Jr. (via telephone)

The following Commission Member was absent:

Yasmin Delahoussaye, Secretary

Roll Call was taken and a quorum was recognized.

AGENDA ITEM 1 - REPORT ON THE IMPLEMENTATION OF THE GOVERNOR'S ORDER FOR EMPLOYEE FURLOUGHS AND CONSIDERATION OF METHODS FOR REDUCING ITS IMPACT ON COMMISSION PROGRAMS

Ms. Janet McDuffie, Chief of the Administration and External Affairs Division, provided a summary of the Governor's Executive Order on employee furloughs and other measures to reduce the General Fund by ten percent. Discussion followed regarding the impact of the furloughs on the Commission's operations and workload, the potential cost savings, and the measures that the Commission has already taken to mitigate the impact on students.

Ms. Keri Tippins, General Counsel, explained that in the past, the Commission has not considered itself to be under the direct executive authority of the Governor but has tried to comply, to the extent possible, with previous Executive Orders. Further discussion ensued.

On **MOTION** by Commissioner Solórzano, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE to direct staff to implement mitigation measures to achieve the requested budget and cash savings.

**AGENDA ITEM 2 – CONSIDERATION OF POSSIBLE 2008-2009 MID-YEAR BUDGET
ADJUSTMENTS AND THE 2009-10 GOVERNOR’S BUDGET**

Ms. McDuffie presented an overview of the Governor’s proposed 2009-10 budget, the proposed changes, and the reductions to the Cal Grant program. She also reviewed some of the Commission’s guiding principles and further discussion followed.

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the position to oppose the proposed changes to the Cal Grant program, because the State of California must maintain the integrity of the program to ensure the State’s future economic prosperity and to continue to provide access to the educational needs of the most vulnerable students.

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the recommendation that the Student Loan Operating Fund continue to be used to offset some of the General Fund expenditures for Cal Grant funding.

Ms. McDuffie also presented the Governor’s proposals to consolidate the Commission with the California Postsecondary Education Commission and to decentralize the Commission’s financial aid programs. There was further discussion.

On **MOTION** by Commissioner De Bie, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the position that, in view of the Commission’s mission, the Commission cannot support the Governor’s proposals to consolidate the Commission with the California Postsecondary Education Commission and to decentralize the Commission’s financial aid programs, based on three factors: the virtual absence of detail required by transparency; the Commission’s commitment to or concerns about fulfilling its responsibility to assure access to students; and the potential for interference with the Commission’s obligations imposed by federal law.

OTHER BUSINESS

There was some discussion regarding Commission appointments and quorum requirements.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 11:50 a.m.

YASMIN DELAHOSSAYE
SECRETARY

**CALIFORNIA STUDENT AID COMMISSION
MEETING MINUTES
FEBRUARY 26, 2009**

A meeting of the California Student Aid Commission was held on Thursday, February 26, 2009 at UC Center Sacramento located at 1130 K Street, Suite LL3 in Sacramento, California.

Chair Barry Keene called the meeting to order at 8:50 a.m.

The following Commission Members were present:

Barry Keene, Chair
Lorena Hernandez, Vice Chair
Yasmin Delahoussaye, Secretary
Lynne de Bie
Patricia Fong Kushida
Enrique Murillo
Israel Rodriguez
Antonio Solórzano

The following Commission Members were absent:

Bonaparte Liu

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Mr. Ed Emerson, Chief of the Federal Policy & Programs Division, requested that the Commission extend their best wishes to Executive Director Diana Fuentes-Michel who was currently in surgery.

CHAIR'S REPORT

Chair Keene presented the California Student Aid Commission's Resolution to former Commissioner, Dr. Tomás Arciniega.

AGENDA ITEM 1 - CONSENT CALENDAR

Item 1.a – Approval of November 20-21, 2008 and December 10, 2008 Minutes (Action)

On **MOTION** by Commissioner Fong Kushida, **SECONDED** and **CARRIED**, the Commission **APPROVED** the consent calendar, which includes the minutes to the November 20-21, 2008 and December 10, 2008 Commission meetings.

AGENDA ITEM 2 – EXECUTIVE DIRECTOR’S REPORT (Information)

Chief Deputy Director Keith Yamanaka presented the written report, which included the following items:

Item 2.a – EdFund Report

Item 2.b – Grant Advisory Committee (GAC) Report

AGENDA ITEM 3 – UPDATE ON POSSIBLE 2008-09 MID-YEAR BUDGET ADJUSTMENTS, THE 2009-10 GOVERNOR’S BUDGET, AND 2009-10 BUDGET DISCUSSIONS AND ACTIONS (Action/Information)

Ms. Janet McDuffie, Chief of the Administration & External Affairs Division, reported that the recently signed Budget includes changes to the current 2008-09 budget and put in place the 2009-10 budget four months earlier than is required. Ms. McDuffie presented the following highlights in view of the recent passing of the Budget:

- There will be a reduction in personal services due to employee furloughs;
- The Competitive Cal Grant program remains intact for new students;
- There are no longer any reductions associated with freezing income levels, reducing maximum awards for non-public institutions and decoupling the fees;
- The Commission’s budget continues to be funded from the General Fund, with some Federal funds to supplement the Cal Grant programs;
- The proposals to consolidate the Commission with the California Postsecondary Education Commission and to decentralize the Commission’s programs have been removed from the 2009-10 Budget, but will be negotiated during the May Revision budget hearing process;
- The Commission’s move to a new facility has been removed from the current budget and the relocation project put on hold; and
- The budget now includes the State Controller’s authority to borrow money from the Student Loan Operating Fund as a loan to the General Fund.

Mr. John Bays, Chief of the Information Technology Services Division, provided an overview of the Real-Time Database Project. Some additional discussion followed.

AGENDA ITEM 4 – CONSIDERATION OF THE IMPACT OF VETERANS EDUCATION BENEFITS ON CAL GRANT AWARDS (EDUCATION CODE SECTION 69432.9(B)) (Action/Information)

Ms. Catalina Mistler, Chief of the Program Administration & Services Division, provided an update on the changes to the Veterans Education Benefits on Cal Grant awards.

Ms. Susan Gutierrez, Chair of the Grant Advisory Committee (GAC), presented the GAC recommendations. Further discussion ensued.

On **MOTION** by Commissioner Fong Kushida, **SECONDED** and **CARRIED**, the Commission **APPROVED** the following:

- 1) Maintain the status quo for 2009-10 and, thereby, not change the treatment of veterans educational benefits by eliminating them from the calculation of financial need to determine eligibility for a Cal Grant award for 2009-10, because such a change is inconsistent with the California Education Code. Further, federal law does not make this change until the 2010-2011 academic year, and implementing this change for Cal Grant eligibility in 2009-10 would deviate from the consistency required by existing California law between the treatment of veterans benefits for federal financial aid purposes and for Cal Grant eligibility purposes;
- 2) Direct Commission staff to examine, from a policy perspective, what the impact would be if the Commission moved forward with making the legal changes to align the California Education Code with the Federal statute for 2010-11; and
- 3) Refer these matters to the appropriate committee (Program, Planning and Budget Committee) to evaluate the veterans educational benefit changes being implemented at the federal level and recommend to the Commission what, if any, statutory changes the Commission wishes to seek with respect to veterans educational benefits and the Cal Grant Programs.

AGENDA ITEM 5 – CONSIDERATION OF APPOINTMENTS TO ADVISORY COMMITTEES (Action)

Commissioner Delahoussaye, Chair of the Personnel, Evaluations & Nominations (PEN) Committee, reported that the Committee has not met since the last Commission meeting due to changes in committee reassignments and the loss of members. Chair Delahoussaye presented the following advisory body nominations for the Commission's consideration:

Grant Advisory Committee

On **MOTION** by Commissioner Delahoussaye, **SECONDED** and **CARRIED**, the Commission APPROVED the following appointments to the Grant Advisory Committee:

- Chris Schulz, University of California Campus Representative, for the term February 26, 2009 through February 26, 2011.
- Jammie Jelks, California State University Student Representative, for the term February 26, 2009 through February 26, 2011.
- Barbara Bonardi, Association of Independent California Colleges & Universities Student Representative, for the remainder of Ricardo Tejada's unfinished term, ending March 16, 2009 and a full two-year term from March 17, 2009 through March 16, 2011.
- Sally Pace, K-12 Schools Representative, for re-appointment for the term February 26, 2009 through February 26, 2011.

Loan Advisory Council

On **MOTION** by Commissioner Delahoussaye, **SECONDED** and **CARRIED**, the Commission APPROVED the following appointments to the Loan Advisory Council, with opposition and abstention as noted below:

- Christine Galdston, Private (For-Profit) Postsecondary Education Institution Representative, for the term February 26, 2009 through February 26, 2011.

- Jammie Jelks, California State University Student Representative, for the term February 26, 2009 through February 26, 2011.
- Michael K. Kim, Participating Lending Community Representative, for the remainder of Kurt Schneiber's unfinished term, ending September 9, 2009. Commissioner Solórzano **OPPOSED** and Commissioner Murillo **ABSTAINED**.

AGENDA ITEM 6 – CONSIDERATION OF APPROVAL TO IMPLEMENT RULEMAKING TO REPEAL TITLE 5, CALIFORNIA CODE OF REGULATIONS, SECTION 30904 (Action)

Ms. Leanna Sinibaldi, Manager of the Federal Policy & Programs Division, presented the staff recommendation to take the necessary steps to repeal section 30904 of the California Code of Regulations and reported that EdFund staff, the Loan Advisory Council and stakeholders agree with the recommendation.

On **MOTION** by Commissioner Murillo, **SECONDED** and **CARRIED**, the Commission **APPROVED** the staff recommendation to authorize staff to take the necessary steps to repeal Title 5, California Code of Regulations, Section 30904.

AGENDA ITEM 7 – CONSIDERATION OF APPROVAL OF THE COMMISSION'S ANNUAL REPORT TO THE LEGISLATURE ON EDFUND (Action)

Ms. Sinibaldi presented the draft Annual Report to the Legislature on EdFund and reported that the California Education Code requires the Commission to provide a report to the Legislature by April 1 of every year. Some discussion followed and Commissioner Delahoussaye requested clarifying language on page 3 pertaining to the incentive compensation for rank-and-file employees.

On **MOTION** by Commissioner Fong Kushida, **SECONDED** and **CARRIED**, the Commission **APPROVED** the draft Annual Report to the Legislature on EdFund for Federal Fiscal Year October 1, 2007 – September 30, 2008, providing staff authorization to make necessary technical edits.

AGENDA ITEM 8 – PRESENTATION OF THE JUNE 30, 2008 OPERATING FUND AND FEDERAL FUND AUDITED FINANCIAL STATEMENTS (Action)

Ms. McDuffie introduced Ms. Tina Treis, a Partner with Perry-Smith auditing firm, who conducted the audit of the Operating Fund and Federal Fund.

Ms. Treis presented the June 30, 2008 Operating Fund and Federal Fund financial statements which are required annually by the State Controller's Office typically every October. She also presented additional Perry-Smith correspondence, which includes highlights of the audit process.

On **MOTION** by Commissioner Delahoussaye, **SECONDED** and **CARRIED**, the Commission **ACCEPTED** the Operating Fund and Federal Fund audited financial statements for the year ended June 30, 2008.

CLOSED SESSION

Chair Keene announced that the Commission would meet in CLOSED SESSION to discuss and may take action on business matters of a proprietary nature, pursuant to the Education Code Section 69525 and pending litigation pursuant to Government Code Section 11126. Topics included:

- High-level organizational metrics for determining incentive compensation;
- Update on the sale of the State's Student Loan Guarantee Program assets; and
- *Bersinger vs. the California Student Aid Commission.*

Thereupon, the Commission resolved into CLOSED SESSION at 10:50 a.m.

RECONVENE OPEN SESSION

Chair Keene reconvened the OPEN SESSION at 12:07 p.m. and reported that there were no reportable actions.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 12:10 p.m.

YASMIN DELAHOUSAYE
SECRETARY

2.b

Action Item

California Student Aid Commission

Sponsorship of a Veterans Benefits Bill

At the February 26 meeting, the Commission briefly discussed upcoming changes to federal veterans education benefits (VEB). Those changes may also affect the use of Cal Grants by veterans. Pending further discussion of the issue and a possible response by the Commission requiring statutory change of the Cal Grant law, Governmental Affairs staff was directed to pursue a spot bill.

Senator Lou Correa (Senate District 34, Santa Ana), Vice-Chair of the Senate Veterans Affairs Committee, is carrying Senate Bill (SB) 611 *Student Financial Aid: Cal Grant A Entitlement Awards: Veterans* as a spot bill for the Commission pending further discussion about the treatment of Post-9/11 (Chapter 33) VEB and Cal Grants. Senator Correa is asking the Commission to write a letter of sponsorship.

Included in this agenda item are a description of the background, issue, and rationale for sponsoring SB 611. Also included are a copy of the bill and the Commission's 2009 Legislative and Budget Principles (page 4 provides guidance on taking positions on bills).

Recommended Action: Commission staff recommends that the Commission adopt a position of "Sponsor" on SB 611 (Correa) *Student Financial Aid: Cal Grant A Entitlement Awards: Veterans* with the intent of holding the spot bill pending further discussion of VEB-Cal Grant issues. Further, staff recommends that the Commission support the bill in concept.

Responsible Person(s): Lori Nezhura
Governmental Affairs

VETERANS EDUCATIONAL BENEFITS BILL

Background:

Federal educational assistance programs for veterans have been authorized by federal law since 1944. Over time, there have been numerous changes to the veterans' education benefit (VEB) programs, including the addition of the Montgomery GI Bill in 1985. The newest VEB program, the Post-9/11 GI Bill or New GI Bill, takes effect on August 1, 2009. The Post-9/11 GI Bill provides generous educational benefits including tuition and fee payments up to the level of the most expensive public institution in the state, housing allowance, books and supplies stipend, and more.

In general, VEB are made available to veterans alongside a broad array of other federal student financial aid programs which are authorized by the Higher Education Act (HEA) of 1965, as amended. The types and amounts of aid that students, including veterans, may be eligible to receive are determined by programmatic requirements and the federal need analysis provisions. The federal need analysis provisions establish that "financial need" is calculated by subtracting the expected family contribution (EFC) from the student's cost of attendance (COA).

For veterans, the monies received as VEB are not treated as income, and therefore are not used in the calculation of the expected EFC. However, with some very limited exceptions, VEB *is* treated as a resource or estimated financial assistance (EFA) which is used to reduce a student's financial need. In other words, the receipt of VEB decreases the amount of need-based aid a veteran student can receive in his or her financial aid package.

Issue:

The Higher Education Opportunity Act of 2008 (HEOA, Public Law 110-315) made certain changes to federal law which will impact how VEB is treated for purposes of the federal need analysis and the calculation of resources that are available to meet the veteran's EFA. Beginning with the 2010-11 academic year, VEB will not be treated as EFA and will, accordingly, *not* decrease the amount of need-based aid a veteran student can receive.

Because of the change to federal law in 2010-11, it is likely that California will see more veterans eligible for VEB and Cal Grants. However, the California Education Code places a restriction on the use of Cal Grant for tuition and fees only (with the exception of the Access portion of Cal Grant B). If tuition and fee costs are already met by another tuition and fees-designated award, the Cal Grant cannot be used. That puts a Cal Grant- Post-9/11 GI Bill recipient in the position of being eligible for a Cal Grant award, but potentially not eligible for Cal Grant payments.

On January 15, 2009 and February 2, 2009, the Grant Advisory Committee (GAC) met to discuss this issue. As a result of the two workgroups, the GAC members presented recommendations to the Commission at their February 26 meeting to give consideration to the following statutory changes to the Cal Grant program:

VETERANS EDUCATIONAL BENEFITS BILL

- A statutory change that would allow recipients of tuition and fee assistance from the Post-9/11 Veterans' Educational Assistance program to receive a Cal Grant award in an amount that is not reduced by their Veterans' educational benefit.
- A statutory change that would preserve Entitlement program (E-1) eligibility for Veterans for two years after their enlistment has ended, provided they received a discharge other than dishonorable.
- A statutory change that would eliminate the age cap for Veterans in the Transfer Entitlement program (E-2)

Legislative Calendar:

A bill that would affect the statutory changes recommended by the GAC and under consideration by the Commission that would become effective with the 2010-11 academic year would most likely need to be introduced and passed in the first year of the 2009-10 Legislative Session. Such a bill would become operative on January 1, 2010. The deadline for the introduction of new bills on the 2009 Legislative Calendar was February 27, 2009.

In the event that the Commission later chose to pursue statutory change(s) to the Cal Grant law, Governmental Affairs staff sought an author to introduce a spot bill for the Commission. Senator Lou Correa (Senate District 34, Santa Ana), Vice-Chair of the Senate Veterans Affairs Committee, agreed to carry Senate Bill (SB) 611 *Student Financial Aid: Cal Grant A Entitlement Awards: Veterans* as a spot bill for the Commission.

Rationale for Sponsoring/Supporting SB 611 (Correa):

Senator Correa and Governmental Affairs staff are asking the Commission to formally sponsor SB 611 pending further discussion about the treatment of Post-9/11 (Chapter 33) VEB and Cal Grants. The Commission may remove its sponsorship at a later time if it chooses not to pursue change(s) to the Cal Grant law on behalf of veterans. The Vietnam Veterans of America, California State Council has also agreed to sponsor SB 611.

Furthermore, Governmental Affairs staff is recommending that the Commission support SB 611 in concept, pending a more complete analysis of the policy and fiscal impact behind the increase in Cal Grant usage by veterans. Staff will bring this item back to the Commission at its June meeting.

Also at the next scheduled Commission meeting, Governmental Affairs staff will be presenting the Commission with other bills, among them SB 15 (Cedillo) *Student Financial Aid: Members and Former Members of the Armed Forces of the United States*, a bill which the Commission supported last year and which provides veterans with an Entitlement opportunity. This bill addresses the GAC's second recommendation to the Commission (above).

SENATE BILL**No. 611**

Introduced by Senator CorreaFebruary 27, 2009

An act to amend Section 69434 of the Education Code, relating to student financial aid.

LEGISLATIVE COUNSEL'S DIGEST

SB 611, as introduced, Correa. Student financial aid: Cal Grant A Entitlement Awards: veterans.

Existing law, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act, establishes the Cal Grant A and B Entitlement Awards, the California Community College Transfer Cal Grant Entitlement Awards, the Competitive Cal Grant A and B Awards, the Cal Grant C Awards, and the Cal Grant T Awards under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs for participating students attending qualifying institutions. With respect to the Cal Grant A Entitlement Awards, the act requires that they be used only for tuition or student fees, or both, in a for-credit instructional program with a length of not less than 2 academic years.

This bill would authorize a student whose tuition or fees, or both, are paid in full by veterans' educational benefits pursuant to the federal Montgomery GI Bill to use a Cal Grant A Entitlement Award for access costs, as defined to mean living expenses and expenses for transportation, supplies, and books, not to exceed that student's financial need.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 69434 of the Education Code is amended
2 to read:

3 69434. (a) Commencing with the 2001–02 academic year, and
4 each academic year thereafter, a Cal Grant A award shall be used
5 only for tuition or student fees, or both, *except as provided in*
6 *subdivision (d)*, in a for-credit instructional program with a length
7 of not less than two academic years. Each student who meets the
8 Cal Grant A qualifications as set forth in this article shall be
9 guaranteed an award. The amount of any individual award is
10 dependent on the cost of tuition or fees, or both, at the qualifying
11 institution at which the student is enrolled. For each applicant, the
12 award amount shall not exceed the amount of the calculated
13 financial need.

14 (b) Pursuant to Section 66021.2, any California resident is
15 entitled to a Cal Grant A award, and the commission shall allocate
16 that award, if all of the following criteria are met:

17 (1) The student has submitted, pursuant to Section 69432.9, a
18 complete financial aid application, submitted or postmarked no
19 later than March 2 of the academic year of high school graduation
20 or its equivalent for the award year immediately following the
21 academic year of high school graduation or its equivalent, or no
22 later than March 2 of the academic year following high school
23 graduation or its equivalent for the second award year following
24 the year of high school graduation or its equivalent.

25 (2) The student demonstrates financial need pursuant to Section
26 69433.

27 (3) The student attains a high school grade point average of at
28 least 3.0 on a four-point scale.

29 (4) The student's household has an income and asset level that
30 does not exceed the level for Cal Grant A recipients set forth in
31 Section 69432.7.

32 (5) The student is pursuing an undergraduate academic program
33 of not less than two academic years that is offered by a qualifying
34 institution.

35 (6) The student is enrolled at least part time.

36 (7) The student meets the general Cal Grant eligibility
37 requirements set forth in Article 1 (commencing with Section
38 69430).

1 (8) The student graduated from high school or its equivalent
2 during or after the 2000–01 academic year.

3 (c) A student who meets the Cal Grant A Entitlement Program
4 criteria specified in this article shall receive a Cal Grant A award
5 for tuition or fees, or both, pursuant to Section 66021.2.

6 (d) *If a student's tuition or fees, or both, are paid in full by*
7 *veterans' educational benefits pursuant to the federal Montgomery*
8 *GI Bill (38 U.S.C. Sec. 3001 et seq.), that student may use a Cal*
9 *Grant A award for access costs, not to exceed that student's*
10 *financial need.*

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Commission's 2009-10 Legislative and Budget Guiding Principles

It is essential that the Commission collaborate with the Legislature and the Administration to ensure that the Cal Grant program and other specialized aid programs are successful. The continued commitment from the State to improve the availability and amount of financial aid is crucial to secure educational access for all California students. This commitment strengthens the state's economic well-being by educating California's future workforce.

California statute (Education Code §66021.2) adopted as part of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (SB 1644, Chapter 403, Statutes of 2000) affirms the state's historic commitment to provide educational opportunity to students pursuing a higher education by ensuring both student access and choice for students with financial need and who meet academic criteria.

The California Student Aid Commission (Commission) has a long-standing commitment to pursue increased resources for student financial aid. Therefore, the Commission continues to support the policies adopted by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act and opposes any changes that would undermine them. Consequently, the following policy principles are the priorities of the Commission, and the Commission urges the Governor and Legislature to support them.

MISSION: To make education beyond high school financially accessible to *all* Californians.

GOAL: To ensure all California students learn about and apply for benefits provided through the Cal Grant program and other specialized aid programs the Commission administers and to serve the public interest by providing quality financial aid services, including student loans at a reasonable cost to those students who need financial assistance to attend a college or university.

PRINCIPLES: Recognizing the critical need to maintain Legislative and Executive support for postsecondary educational opportunities, the Commission seeks to

- 1. Foster Educational Access and Affordability;***
- 2. Ensure the Availability of Information on Educational Opportunities;***
- 3. Preserve the Flow of Financial Aid; and***
- 4. Ensure Adequate Support and Flexibility for Commission Operations and Its Programs.***

*Numbering principles in no way indicates priorities; all principles are equally considered.

The guiding principles and objectives should be reviewed at the beginning of each legislative session to ensure they continue to be applicable, valid, and supportive of the Commission's mission.

Each of these principles is discussed in further detail below.

PRINCIPLE #1: Foster Educational Access and Affordability

The Commission and the State should advocate for increased higher education opportunities by providing all California students financial access to the postsecondary education of their choice.

OBJECTIVES:

- Encourage the expansion of financial aid to the growing number of California college students who demonstrate financial need as the cost of completing a postsecondary education continues to rise;
- Cultivate legislative and budget actions that protect, strengthen, and increase the state’s General Fund commitment to student financial aid;
- Encourage continued bipartisan support for funding of statutory growth in the Cal Grant programs and for continued access to lower interest federal student loans administered through EDFUND;
- Promote expanded educational and transfer opportunities for students transferring from community colleges to four-year colleges;
- Seek the greater utilization and enhancement of all Commission-administered specialized programs; and
- Enhance the benefits to those participating in state or federal tuition savings plans that encourage saving while offering tax relief incentives, such as the ScholarShare Program.

**PRINCIPLE #1: Foster Educational Access and Affordability
FUNDING OBJECTIVES FOR THE CAL GRANT PROGRAM**

❖ **Preserve and Expand the Cal Grant Entitlement and Competitive Programs**

- **Eligibility Requirements**
 - Maintain statutory GPA requirements
 - Maintain statutory income ceiling
 - Support eligibility requirements that provide greater student access to the program
- **Award Value**
 - Cover full-fee funding for University of California and California State University students
 - Retain the current maximum award amount for nonpublic postsecondary institutions and support the development of a statutory formula that adjusts the maximum award amount for nonpublic postsecondary institutions and would not be subject to the annual budget process
 - Recommend and fully support increases to the Cal Grant B access award and first year tuition for Cal Grant B recipients
- **Competitive Awards**
 - Advocating for funds that increase the number of Competitive Cal Grant awards for qualified non-recipient students

❖ **Preserve and Expand the Cal Grant C Program**

- **Eligibility Requirements**
 - Maintain statutory income ceiling
 - Support eligibility requirements that provide greater student access to the program
- **Award Value**
 - Support, at a minimum, the current maximum grant amount for institutional tuition and fees at applicable postsecondary institutions
 - Support increases to the book and supplies allowance
- **Number of Awards**
 - Recommend and fully support increases in the number of awards in the Cal Grant C program
 - Support expanded financial aid opportunities for career technical education students

PRINCIPLE #2: Ensure the Availability of Information on Educational Opportunities

The Commission should work to expand and strengthen its early, statewide outreach efforts to middle and high school students as well as to non-traditional, re-entry and older students.

OBJECTIVES:

- Continue to advocate for adequate funding for outreach, academic preparation, and public awareness activities;
- Promote the availability of information on college educational opportunities for all California students and families;
- Provide information and guidance to students and their families on alternative methods for financing a college education;
- Provide the resources needed to maximize the effectiveness of the California Student Opportunity and Access Program (Cal-SOAP) and the Cash for College program;
- Encourage the expansion of public and private partnerships in the Cash for College program;
- Strengthen the Commission’s partnership with the Superintendent of Public Instruction and local school districts; and
- Recognize that the Commission’s outreach programs are designed to supplement and not supplant the activities that should be provided by secondary schools and districts.

PRINCIPLE #3: Preserve the Flow of Financial Aid

The Commission should promote the uninterrupted flow of student financial aid to enable students to achieve their educational goals. The process of applying for and receiving student aid should be as simple as possible for students and their families, educational institutions, and other program participants.

OBJECTIVES:

- Advocate for federal and state actions that result in a streamlined application process for California students;
- Advocate for continued enhancements and improvements to the Grant Delivery System to promote transparency and ease of use in the system while maintaining speed and accuracy;
- Advocate for policies that promote the cost-effective and timely administration of student financial aid programs;
- Strengthen the Commission’s communication and partnerships with financial aid administrators through written communication and other training opportunities related to program changes and informational updates; and
- Encourage the expansion of public and private partnerships in the Cash for College program.

PRINCIPLE #4: Ensure Adequate Support and Flexibility for Commission Operations

The Commission should ensure that it can administratively fulfill its essential mission and responsibilities.

OBJECTIVES:

- Work with the Legislature and the Administration to ensure the Commission continues to maintain the resources, including funding, equipment, and skilled personnel, necessary for an uninterrupted flow of financial aid and services to California students;
- Work to ensure that any new specialized programs have appropriate resources;
- Advocate for additional resources for new, advanced technology for delivery and customer services; and
- Continue evaluating the opportunities offered through, and the potential impact to the Commission and EdFund model in light of the potential sale of EdFund.

PARTICIPATION IN THE LEGISLATIVE PROCESS

POSITIONS ON BILLS

Staff will draft an objective analysis of all legislative bills that affect the Commission. All positions will be in a “pending” status until the Commission has the opportunity to review the legislation and analysis and take an official position. During the legislative session, the Commission should support these legislative principles by taking the following actions for proposed legislation at Commission meetings as appropriate.

No Position

- A bill that the Commission has not yet discussed or is not relevant to the Commission’s mission or Legislative Principles.

Neutral

- A bill that is not within the scope of the Commission’s responsibility or would not affect the Commission’s operations or procedures.

Support

- Supports the Commission’s mission and principles.

Neutral if Amended, Support if Amended, or Oppose unless Amended

- The Commission’s position would change if recommended amendments are made to resolve implementation or policy concerns. This position should indicate which concerns must be resolved before the Commission would change its position.

Oppose

- A bill that is in conflict with the Commission’s mission and principles; it cannot be administered; it is too costly and burdensome to the Commission, the students, and schools.

Sponsor

- A bill proposal that the Commission identifies as beneficial to preserve or enhance service to California students and families and central to the Commission’s administration of its programs, its mission and its legislative principles.

OPPORTUNITIES FOR DIRECT INVOLVEMENT

Staff will request the Commission’s involvement during the legislative session as opportunities arise. Commission staff will develop and provide Commissioners with an advocacy binder to aid the Commissioners in communicating Commission policy and messaging.

- Discussions related to the January Governor’s Budget, 2nd-year bills and new proposals beginning in January;
- Participation in the Commission-sponsored annual Legislative Briefing Day and annual Cash for College Kick-off;
- Work with Commission staff to arrange visits with member offices to promote the Mission and advocate for the passage of Commission-supported legislation;
- Work with legislative budget committee staff to preserve the Cal Grant program and maintain adequate funding for Commission operations; and
- Work in coordination and cooperation with our partners in the financial aid community including secondary schools, all segments of higher education, and state and national financial aid associations by attending board and annual meetings and Webinars.

Action /Information Item

California Student Aid Commission

Ratification of a Contract Amendment with R&G Associates to Increase the Amount of the Contract from \$80,000 to \$104,000 and to extend the term of the contract to June 30, 2009

The Commission contracted with R&G Associates for the period October 30, 2008 through March 31, 2009 in the amount of \$80,000. Through this contract R&G Associates provided consulting assistance in the review and analysis of the Loan Program Business Plan, Budget and Goal document.

The Commission Chair designated an Ad Hoc Committee to work with staff and R&G Associates to review and make recommendations regarding the Loan Program Business Plan, Budget and Goal document at a future Commission meeting. In order to retain R&G Associates, a contract amendment was necessary. The Chief Deputy Director, on behalf of the Executive Director, signed an amendment to increase the R&G Associates contract amount by \$24,000 for a total of \$104,000 and to extend the term to the end of the current fiscal year, June 30, 2009.

The Executive Director must obtain approval from the Commission prior to entering into a new contract or executing a contract amendment of over \$100,000. However, in the event an emergency approval is necessary for a contract of over \$100,000, the Executive Director may approve such contract with simultaneous notification to the Commission. Such emergency approval shall be ratified at the next regularly scheduled Commission meeting, and if not ratified, the contract shall be cancelled.

The Chief Deputy Director, on behalf of the Executive Director notified the Commission of the extension request and that he had signed the contract amendment and sent it to the Department of General Services for its review and approval.

Recommended Action: Ratify the R&G Associates contract amendment for \$24,000 for a total contract amount of \$104,000 and extend the term through June 30, 2009.

Responsible Staff: Janet McDuffie, Chief
Administration and External Affairs