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## GOVERNANCE AND MONITORING COMMITTEE REPORT

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The Governance and Monitoring Committee (GM) of the Student Aid Commission convened for a meeting on Tuesday, April 15, 2008 to consider nine bills presented by Commission staff in the Governmental Affairs Unit. These bills were recommended for GM's consideration because they meet the Commission's Legislative Objectives, which states:

Due to an economic downturn and scarce General Fund resources, the Commission's programs, and the students we serve are vulnerable to General Fund reductions. The Commission will continue work to increase and expand the support of the Legislature and the Executive branch for the following:

- The Cal Grant Entitlement and Competitive Programs;
- All Specialized aid programs;
- Cal-SOAP, Public Awareness, and Cash for College programs as a State General Fund priority; and
- Continued evaluation of the opportunities offered through, and the potential impact to, the Commission and EDFUND model in light of the potential sale of EDFUND.

Furthermore, each of the nine bills supports the Commission's Legislative Principles, which states:

Recognizing the critical need to maintain Legislative and Executive support for postsecondary educational opportunities, the Commission adopts the following general statement of principles to guide staff in consideration of legislation and related policy issues:

- Foster Educational Access and Affordability;
- Ensure the Availability of Information on Educational Opportunities;
- Preserve the Flow of Financial Aid; and
- Ensure Adequate Support and Flexibility for Commission Operations and its programs.

Commission staff suggested that for each bill, GM would take two separate bill positions:

1. A position when the bill is in policy committee; and
2. A position when the bill is in appropriations committee.

For each of the above mentioned committees, GM may take one of the following bill positions as defined by the Commission's 2007-2008 Legislative Principles: No Position, Neutral, Support, Neutral if Amended, Support if Amended, Oppose unless Amended, Oppose, or Sponsor.

Below is a chart identifying the bill positions taken by GM on each of the nine bills.

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<b>Bill</b>	<b>Bill Committee</b>	<b>GM Position</b>
AB 1059 <sup>1</sup> (De Leon) Child Development Teacher and Supervisor Grants	Policy	No Position
	Appropriations	No Position
SB 1158 (Scott) Student Financial Aid: Assumption Program	Policy	Support
	Appropriations	Support
SB 1656 (Romero) Assumption Program of Loans for Education	Policy	Support
	Appropriations	Support
AB 2082 (Salas) Student Financial Aid: Military Service	Policy	Support
	Appropriations	No Position
AB 2365 (De La Torre) Cal Grant B Awards: Award Amounts	Policy	Support
	Appropriations	Support
SB 1219 (Cedillo) Student Financial Aid: Member of the Armed Forces	Policy	Support
	Appropriations	No Position
AB 2083 (Nunez) Student Financial Aid: Institutional Eligibility	Policy	Support
	Appropriations	Support
SB 1301 (Cedillo) Student Financial Aid (California Dream Act)	Policy	Support
	Appropriations	Support
SB 1355 (Corbett) Private Student Loans	Policy	Support if Amended <sup>2</sup>
	Appropriations	Support

<sup>1</sup> At the request of the Author, GM took a No Position on AB 1059. The Author will not move the bill this year as amended on June 1, 2007.

<sup>2</sup> See Appendix 1 for proposed amended bill language supported by GM.

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### Appendix 1

On SB 1355 (Corbett), GM took a position of “support if amended.” Commission staff and EdFund recommend the following proposed amended bill language to SB 1355.

#### SB 1355 (Corbett) Private Student Loans

69800. A public or private postsecondary educational institution shall do the following:

(a) State in all financial aid materials issued or made available to students all of the following:

1. Private loans are not guaranteed by the federal government.
2. Private loans may cost more than federal loans.
3. Federal Stafford loans are available to students regardless of income.

(b) Clearly distinguish private loans from federal loans in individual financial aid awards by stating, for any private loans offered by the institution:

1. The range of interest rates that may be charged on the private loan.
2. Whether the rate is fixed or variable.
3. If the interest rate on the loan is variable, the frequency of interest rate changes, the explanation for that rate change, and if applicable, the maximum interest rate increase.
4. Any and all fees associated with the assumption of loan.
5. An explanation that the interest rate on a private loan may depend on the borrower's credit rating.

~~(c) For any private loan lender list that it provides, provide general information on the terms of the loan available through the lender and disclosure of the reason for each lender's inclusion. The institution shall also inform the student of their right to choose other lenders.~~

*(c) If a public or private postsecondary educational institution recommends or suggests a lender to the institution's students or their parents, such institution shall provide, in writing, a lender list containing:*

- 1. No fewer than three lenders that are not affiliated with each other.*
- 2. Disclosures to prospective borrowers the method and criteria used by the institution in selecting any lender that it recommends or suggests.*

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*3. Comparative information to prospective borrowers about interest rates and other benefits offered by the lenders.*

*4. A prominent statement advising prospective borrowers that they are not required to use one of the institution's recommended or suggested lenders.*