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## 3.5.2

### **Action/Information Item**

#### ***CALIFORNIA STUDENT AID COMMISSION***

##### *Governmental Relations Committee Report*

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The Committee will report to the Commission on the following:

- Action/Information items
- Agenda items that require further discussion

For your reference the State Legislative Update is included in this tab, updated as of June 16, 2005. The Commission may wish to consider revising its position on AB 358 and AB 1241 due to recent developments related to these bills.

The Committee may also provide additional information when appropriate.

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**STATE LEGISLATIVE UPDATE**

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Currently, the Legislature is responding to the May Revision of the Governor's Budget. Line items for which the Senate and Assembly have different positions are being reviewed and negotiated through hearings by the Joint Conference Committee on the State Budget. Items not resolved through this committee process will be submitted to the Big 5 for resolution. The Big 5 includes the Governor, the Senate President Pro Tempore (Don Perata), Speaker of the Assembly (Fabian Nunez), Senate Minority Leader (Dick Ackerman) and the Assembly Minority Floor Leader (Kevin McCarthy). According to the California Constitution, the budget must be passed by midnight on June 15 of each year. The Governor then has 15 days to sign the Budget Act in time for the new fiscal year which begins on July 1.

The last day for Senate and Assembly fiscal and policy committee to meet was May 27, 2005. The final date for the Senate and Assembly to pass bills out of the house of origin was June 3, 2005. The Senate and Assembly resumed committee hearings on June 6, 2005.

Summer recess begins on July 15, provided the Budget Bill has been passed.

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**SB 30**

**Position: None**

Author: Speier (D-Hillsborough)  
 Version: As Amended on April 4, 2005  
 Subject: Tax Deductions: 529 College Savings Plans

The Personal Income Tax Law, to conform to federal income tax laws, allows various deductions in computing the income that is subject to the taxes imposed by that law. This bill, beginning in 2005, would allow qualified taxpayers to deduct the amount contributed on behalf of a beneficiary, to the Golden State Scholarship Trust.

**Status:** Held in the Senate Revenue and Taxation Committee on April 13, 2005.

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**SB 77**

**Position: None**

Author: Committee on Budget and Fiscal Review  
 Version: As Amended on May 19, 2005  
 Subject: 2005-06 Budget

This is the budget bill for the 2005-06 Budget.

**Status:** Reconsideration granted on June 15, 2005.

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**SB 160**

**Position: None**

Author: Cedillo (D- Los Angeles)  
Version: As Amended on May 4, 2005  
Subject: Eligibility for Student Financial Aid: California Dream Act

This bill would enact the California Dream Act which would enable persons who are exempt from paying nonresident tuition or who meet equivalent requirements adopted by regents to apply for and participate in all student aid programs administered by, UC, CSU and CCC. The bill would also provide eligibility for persons exempt from paying nonresident tuition, as specified, who otherwise are qualified for state funded financial aid programs to the extent permitted in accordance with federal law.

New amendment language: "This section shall not become operative unless and until the Executive Director of the Student Aid Commission certifies that federal legislation has been enacted that permits all persons who meet the criteria of this section to be eligible for state-administered financial aid."

**Status:** Passed by the Senate Education Committee on April 27, 2005. To the Senate Appropriations Committee. Held under submission in the Senate Appropriations Committee on May 26, 2005.

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**SB 337**

**Position: None**

Author: Maldonado (R-Santa Maria)  
Version: As Amended on March 29, 2005  
Subject: Denial of Cal Grants for Specified Offenses

This bill would require the CSU, CCC and request the UC campuses, to immediately dismiss any student convicted, pleading guilty to, or being adjudicated a delinquent minor with respect to specified rioting provisions of the Penal Code. The bill also prohibits campuses from admitting these students for one year and restricts these students' Cal Grant eligibility. The author agreed to amend the bill to remove the Cal Grant provision.

**Status:** Held in the Senate Education Committee on April 13, 2005.

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**SB 445**

**Position: None**

Author: Ducheny (D-San Diego)  
Version: As Amended on March 31, 2005  
Subject: Commission on Statewide Postsecondary Education Policy and Planning

This bill would repeal provisions of law that establish and prescribe the functions and responsibilities of the California Postsecondary Education Commission (CPEC). It would replace CPEC with the California Commission on Statewide Postsecondary Education Policy and Planning (CCSPEP) and provide for the new Commission's membership and duties. It would also include the Student Aid Commission's Executive Director as a member of the new Commission.

**Status:** This bill failed passage in the Senate Education Committee meeting on April 28, 2005.

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**SB 498**

**Position: None**

Author: Cox (R- Fair Oaks)  
Version: As Amended on April 4, 2005  
Subject: California Troops to Teachers Program

This bill would provide financial assistance to military personnel to transition to a career in teaching. The California Troops to Teachers Program would be established and maintained through the Commission on Teacher Credentialing. Funding of the \$10,000 grant per eligible participant would be determined in the annual Budget Act.

**Status:** Failed passage in the Senate Education Committee on April 28, 2005.

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**SB 531**

**Position: None**

Author: Ortiz (D-Sacramento)  
Version: As Introduced on February 11, 2005  
Subject: Budget – Consideration of Fee Increases

This appears to be a spot bill. As currently written, this bill would require the annual Governor's Budget to take into consideration any increases in tuition and fees at California's public colleges and universities. This is the current policy as it relates to the Cal Grant awards.

**Status:** As introduced. This bill has not moved, but could be considered next year, in the second half of the two-year session.

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**SB 577**

**Position: None**

Author: Figueroa (D- Sunol)  
Version: As Amended on May 31, 2005  
Subject: State Government Operations: Reform

This bill addresses a series of issues raised by the California Performance Review. The bill outlines the requirements for several designated agencies in reporting to the Legislature various updates regarding fiscal management and long range financial planning and cost savings

**Status:** Passed by the Senate Committee on Government and Modernization, Efficiency and Accountability Committee on May 4, 2005. Passed by the Senate Appropriations Committee on June 1, 2005 and moved to the Assembly and assigned to the Assembly Business & Professions Committee.

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**SB 659**

**Position: None**

Author: Scott (D-Altadena)

Version: As Introduced on February 22, 2005

Subject: Student Financial Aid: ScholarShare Account Balances

This bill would prohibit assets held in trust under the Golden State ScholarShare Trust Act by a lower income household to be counted with respect to any means-tested, state-funded student financial aid program administered by the Commission.

**Status:** As introduced.

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**SB 796**

**Position: None**

Author: Figueroa (D-Sunol)

Version: As Amended on May 31, 2005

Subject: Government Operations: Accountability

This bill would establish the Government Modernization, Efficiency, Accountability, and Transparency Act of 2005, which would require that the performance of executive branch agencies be reviewed and graded, and require state agencies to provide specified information on their Web sites to assist consumers in obtaining government services and participation in the regulatory process.

**Status:** Passed by the Senate Committee on Government Modernization, Efficiency and Accountability on May 3, 2005. Passed by the Senate Committee on Appropriations on June 1 and moved to the Assembly. Assigned to two Assembly Committees, Business & Professions and Government Organization.

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**SB 818**

**Position: None**

Author: Perata (D-Oakland)

Version: As Introduced on February 22, 2005

Subject: Spot Bill – Cal Grant Programs

This bill would make technical non-substantive changes to Cal Grant statute.

**Status:** As introduced. This bill has not moved, but could be considered next year, in the second half of the two-year session.

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**AB 3**

**Position: None**

Author: Blakeslee (R-San Luis Obispo)

Version: As Amended on February 15, 2005

Subject: Income Tax Deduction: College Savings

The Personal Income Tax Law authorizes various deductions in computing income that is subject to taxes imposed by that law. This bill would allow a deduction for contributions, not exceeding specified amounts, made by a taxpayer to a qualified tuition program, as defined.

**Status:** Hearing cancelled at the author's request – April 11, 2005 Assembly Revenue and Taxation Committee.

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**AB 53**

**Position: None**

Author: Negrete McCleod (D-Chino)  
Version: As Amended on April 19, 2005  
Subject: State Agency Consolidation

This bill would consolidate the functions of the California Health and Human Services Data Center and the Stephen P. Teale Data Center.

**Status:** Passed by the Committee of Business and Professions on April 27, 2005. To the Assembly Committee on Appropriations.

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**AB 110**

**Position: None**

Author: Ruskin (D-Redwood City)  
Version: As Amended on April 12, 2005  
Subject: Public Education: Reporting Requirements

Existing law requires the Superintendent of Public Instruction, the Commission on Teacher Credentialing, and the California Postsecondary Education Commission to compile certain reports relating to various matters. This bill would reduce the burden by deleting or modifying statute that requires data collection for pupil expulsions.

**Status:** Passed by the Assembly Committee on Higher Education on April 25, 2005. To the Assembly Committee on Appropriations. Moved to Appropriations Committee Consent Calendar on May 12, 2005. Passed by the Appropriations Committee on May 16, 2005. Moved to the Senate and assigned to the Senate Committee on Education. At the June 15, 2005 hearing the bill passed and was referred to Senate Committee on Appropriations.

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**AB 196**

**Position: None**

Author: Liu (D-La Canada)  
Version: As Amended by the Senate on June 15, 2005  
Subject: California Postsecondary Education: Accountability

This bill would establish a new reporting and assessment system to measure the state's progress with respect to achieving specified policy goals for postsecondary education. Amended language clarifies reasons for reports and identifies that an annual report be submitted to the Governor and Legislature by October of each year. Reports shall compare performance for each item indicated for three prior academic years and for the most recent completed academic year.

**Status:** Passed by the Committee on Higher Education on April 25, 2005. To the Assembly Appropriations Committee. Referred to Appropriations Committee Suspense file on May 4, 2005. Passed by the Appropriations Committee on June 1, 2005. Moved to the Senate and assigned to the Senate Education Committee, hearing date June 22, 2005.

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**AB 358**

**Position: Support in Concept**

Author: Liu (D-LaCanada)  
Version: As Amended on May 26, 2005  
Subject: Maximum Award for Non-Public Colleges and Universities

Under current law, the maximum award for students at non-public colleges and universities is stipulated in the annual Budget Act. Also, under current law, students receiving a Cal Grant B award receive only the access grant (\$1,551) in the first year of attendance and the access grant plus tuition and fee assistance in the remaining three years. The top two percent of Cal Grant B Entitlement students receive full funding in the first year of attendance.

This bill would:

- 1) Establishes in statute a policy an award formula linking the Cal Grant A and B award for tuition and fees at independent colleges and universities to the General Fund subsidy the state provide for each student at public four-year universities.
- 2) Provides a phased-in period for the new award formula that requires 2006-07 grants to be no less than 80 percent of the formula-driven amount, 2007-08 grants to be no less than 90 percent of that amount and 2008-09 and subsequent years' grants to be no less than 100 percent of that amount.
- 3) Requires the California Student Aid Commission to review Cal Grant B funding policies, analyze alternatives and provide recommendations in a report to the Legislature on or before September 1, 2006.

**Status:** Placed on the Assembly Appropriations Committee Suspense file on April 27, 2005. Passed by the Assembly Appropriations Committee on May 31, 2005. Passed to the Senate and assigned to the Senate Education Committee, hearing date of June 22, 2005.

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**AB 476**

**Position: None**

Author: Baca (D-Rialto)  
Version: As Amended on April 7, 2005  
Subject: Student Financial Aid Cal Grant Program: Funding for Teacher Preparation

This urgency bill would require that the Executive Director of CSAC determine and allocate the amount, if any, of funds appropriated for Cal Grant Entitlement awards that will not be used. Allocation would be as follows:

- Fifty percent would be used for eligible student currently enrolled professional preparation approved by the Commission on Teacher Credentialing; and

- Fifty percent would be used for loan assumption for persons who have worked no less than one year and no more than five years as full-time instructors in California and who are eligible for benefits under the APLE program.

**Status:** Hearing cancelled at the author's request on April 19, 2005 in the Assembly in Higher Education Committee meeting which makes AB 476 a two-year bill.

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**AB 589**

**Position: None**

Author: Emmerson (R-Redlands)

Version: As Introduced on February 16, 2005

Subject: Public Postsecondary Education: Nonresident admissions criteria

This bill would reverse current law (AB 540) which provides an exemption to paying nonresident fees if an undocumented student has lived in California for more than 3 years and graduates from a California high school.

**Status:** Failed passage on April 19, 2005 in the Assembly on Higher Education Committee.

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**AB 593**

**Position: None**

Author: Frommer (D-Los Angeles)

Version: As amended on June 1, 2005

Subject: California Hope Endowment Fund

This bill would turn State-owned real estate assets into the California Hope Endowment (CHE) that would expand opportunities for Californians to enroll in higher education. This bill would require that the CHE develop guidelines and criteria to award grants from the Fund. The endowment would be administered by the California Hope Public Trust, an appointed membership body.

**Status:** Passed by the Assembly Higher Education Committee on April 28, 2005. To the Assembly Committee on Appropriations. Reconsideration granted, bill was amended and read for the third time by the Assembly Committee on Appropriations. Passed to the Senate on June 2, 2005. Referred to two Senate Committees, Education and the Government Modernization, Efficiency & Accountability. Hearing date scheduled for June 29, 2005.

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**AB 700**

**Position: Support if Amended**

Author: Jerome Horton (D-Inglewood)

Version: As Introduced on February 17, 2005

Subject: Expansion of the Cal Grant Entitlement Program

This bill would remove the age requirements for the Entitlement Program by deleting the reference to high school graduation and one year after and providing awards to all eligible applicants who apply by March 2nd immediately preceding the award year.

Commission staff conveyed the Commission's position to Support if Amended to require a General Fund appropriation in the annual Budget Act to activate the bill's provisions. The author agreed to amend the bill in this manner.

**Status:** Placed in the Assembly Appropriations Committee Suspense file on May 4, 2005. Held under submission in the Assembly Appropriations Committee on May 25, 2005.

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**AB 870**

**Position: None**

Author: Bermudez (D-Norwalk)  
Version: As Amended on March 29, 2005  
Subject: Student Fee Policy

This bill would, beginning in 2005-06, prohibit increases to the tuition and mandatory systemwide fees charged to students at the UC and the CSU in excess of 2 percent above the level charged the year before, unless at least one-third of the revenue that accrues to each segment due to the increase is used to fund institutional student financial aid programs at the segment. Amended to include enrollment and community colleges.

**Status:** Passed by the Assembly on Higher Education Committee on April 29, 2005. To the Assembly Appropriations Committee. Placed in the Assembly Appropriations Committee Suspense file on May 4, 2005. Held under submission in the Assembly Appropriations Committee on May 25, 2005.

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**AB 931**

**Position: None**

Author: Emmerson (R-Redlands)  
Version: As Introduced on February 18, 2005  
Subject: Cal Grant Program: Spot Bill

This bill appears to be a spot bill. It would "make technical, nonsubstantive" changes in the provision of the Cal Grant program that is related to eligibility requirements.

Status: As introduced.

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**AB 933**

**Position: None**

Author: Emmerson (D-Redlands)  
Version: As Introduced on February 18, 2005  
Subject: Student Fee Policy

This bill, beginning in 2006-07, would require the level of mandatory systemwide fees for resident undergraduate students at the UC, the CSU, and any community college campus to be set as an unspecified percentage of the total cost of instruction, as defined.

**Status:** Hearing cancelled at the author's request on April 5, 2005 in the Assembly Higher Education Committee, it may be heard again in January as a two-year bill.

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**AB 1072**

**Position: None**

Author: Liu (D-La Canada)  
Version: As Amended on April 26, 2005  
Subject: CPEC/BPPVE Consolidation

This bill would terminate CPEC and create a successor Commission titled the California Commission on Higher Education as of July 1, 2006. New Commission would consist of 9 members with 6 year terms: 3 Governor appointments, 3 Senate appointments, and 3 Assembly appointments. AB 1072 would require that the Commission to present a written strategic plan to the Legislature and the Administration in December and to report regularly on its progress. The new Commission would also incorporate the current duties of the Bureau for Private Postsecondary and Vocational Education (BPPVE).

**Status:** Held under submission, amended and re-referred to Assembly Committee on Higher Education.

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**AB 1241**

**Position: Support in  
Concept**

Author: Matthews (D-Tracy)  
Version: As on May 27, 2005  
Subject: GPA Submission for Cal Grant Programs

Requires the California Student Aid Commission (CSAC) to report, on or before November 1 of each year, to the Legislature and the Superintendent of Public Instruction (SPI):

- The number of GPAs received each year on a timely basis from each high school in California, for students in the March 2nd and September 2nd Cal Grant award cycles.
- The number of pupils in grade 12 in each high school
- The number of student aid applications received by September 2nd each year from students who are likely to be leaving high school and entering college for the first time.

Provides for the Legislature intent that the State Department of Education should provide technical assistance to high schools regarding their transmission of GPAs and that all school districts should release GPA information to CSAC.

Provides for the Legislature intent that CSAC use its statutory authorization regarding a grace period for GPA submission to notify otherwise eligible students of their obligation to submit a certified GPA and provide such students with an appropriate amount of time in which to comply.

Deletes the requirement that high schools must exclude "remedial courses" from the computation of GPA for Cal Grant purposes.

Requires a working group of interested parties to develop strategies for simplifying and maximizing participation in the GPA process and requires CSAC and the SPI to report to the Legislature on or before April 1, 2006 regarding the results of this consultation, including issues related to GPA definition, privacy, unique identifiers, methods of submission, training and support for high school personnel and cost.

**Status:** Passed by the Assembly Higher Education Committee on April 19, 2005. To the Assembly Appropriations Committee. On May 11, 2005 the bill was re-referred to Assembly Appropriations Committee. Passed by the Appropriations Committee on June 1, 2005. Moved to the Senate and assigned to the Senate Education Committee, hearing date June 29, 2005.

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**AB 1399**

**Position: None**

Author: Garcia (R-Cathedral City)

Version: As Introduced on February 22, 2005

Subject: Cal Grants: Dependents of Members of the National Guard or other Branches of the Military

This bill would express legislative intent to ensure that any child of a member of the United States armed forces, or a member of the California National Guard, who serves at any time between September 11, 2001, and the end of the conflict in Iraq, is eligible to receive a Cal Grant award.

**Status:** As introduced.

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**AB 1436**

**Position: None**

Author: Baca (D-San Bernardino)

Version: As Amended on April 27, 2005

Subject: Cal Grants for Military Veterans Who Plan to Teach

This bill would provide that any California resident who has been honorably discharged from the Armed Forces of the United States, or who is, or who has been, a member of the California National Guard, the California State Military Reserve, or the California Naval Militia, and who was called to active service, as defined, would be eligible for a Cal Grant Entitlement award. AB 1436 was amended to include a need-based provision that would require participants to be under the Cal Grant A income ceilings to qualify for an award and to limit the eligibility period to five years after return from active duty.

**Status:** Passed by the Assembly Higher Education Committee on April 19, 2005. Commission staff supported the addition of the need-based component but will continue to work with staff to clarify the intent of the bill. To the Assembly Appropriations Committee. Held under Submission at the Assembly Appropriations Committee on May 25, 2005.

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**AB 1445**

**Position: None**

Author: Umberg (D-Santa Ana)

Version: As Amended on April 25, 2005

Subject: Tuition and Fee Waivers: National Guard, Air National Guard, Military Reserve

This bill would prohibit the UC, CSU, and the CCC from charging any mandatory systemwide tuition or fees, to qualifying members of the California Army National Guard, the California Air National Guard, and the State Military Reserve. It would require the Military Department to determine the eligibility of any applicant for a fee or tuition waiver under the bill, in accordance with regulations adopted by the Adjutant General. In accordance with existing law, the bill would apply to the UC only if the Regents act to implement the provisions.

**Status:** Passed by the Assembly Higher Education Committee on April 25, 2005 and by the Committee on Veterans Affairs on April 27, 2005. To the Assembly Appropriations Committee.

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**AB 1625**

**Position: None**

Author: Klehs (D-San Leandro)

Version: As amended on April 25, 2005

Subject: State Government Reports: Perjury

This bill would require any reports submitted by any state agency, board, or commission to the Governor or the Legislature include a signed statement by the head of the agency or chair of the board or commission, declaring under penalty of perjury that the contents of the report are true, accurate, and complete to the best of his or her knowledge.

**Status:** Passed by the Assembly Business and Professions Committee on April 19, 2005. To the Assembly Appropriations Committee. Passed by the Assembly Appropriations Committee on May 19, 2005 and moved to the Senate. Assigned to the Senate Government Modernization Efficiency and Accountability Committee.

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**Item 7980-001-0784 of the Budget Bill  
Amend Provision 3 as follows:**

(3) (a) It is the intent of the Legislature to protect the value of EdFUND to the state, students, and institutions of higher education.

(b) To meet this end, the California Student Aid Commission shall be required to provide notice to the Legislature and the Department of Finance in advance of any proposed action by the Student Aid Commission which would make substantial and significant changes to the governance, such as the composition of the EdFUND Board of Directors, and the roles and responsibilities of the EdFUND Board of Directors.

(c) Any changes meeting the requirements in subsection (b) shall be authorized no sooner than 45 days after notification of the necessity for the change, in writing, to the Joint Legislative Budget Committee and the Department of Finance. If the Director of Finance of the Joint Legislative Budget Committee notifies the commission regarding issues of concern with any of the proposed changes, the commission shall convene a meeting of appropriate representatives from the commission, EdFUND, the Department of Finance, and the Legislature to resolve those issues

(d) This notification requirement does not apply to the day-to-day operational decisions of the Student Aid Commission, personnel decisions affecting staff, or changes otherwise contained in the annual EdFUND-Student Aid Commission Operating Agreement, as required by Subsection (d)(1) of Section 69522 of the Education Code.

(e) The Student Aid Commission shall consult with the various stakeholders, including but not limited to the Legislature, the Administration, the higher education segments, EdFUND management, and where appropriate, the financial community, prior to determining a course of action on the subjects of significance included in subsection (b) of this provision.

(f) To further meet the goal set forth in subdivision (a), it is the intent of the Legislature not to approve any legislation that would be necessary to bring about the sale or transfer of the federal loan guarantee to any other entity.

**Amend Education Code Section 69522 (d) (1) as follows:**

(d) (1) The operations of the auxiliary organization shall be conducted in conformity with an operating agreement approved annually by the commission. On and after January 1, 2002, the commission may approve an operating agreement for a period not to exceed five years. Prior to approval, the commission shall provide the proposed operating agreement to the Department of Finance and the Joint Legislative Budget Committee, for its review and comment. The operations of the auxiliary organization shall be limited to services prescribed in that agreement.