

**Governmental Relations Committee
Chair's Report – August 23, 2006 Meeting**

COMMITTEE MEMBERS PRESENT: Commissioners Friedlander and Ortiz

COMMITTEE MEMBERS ABSENT: Commissioner Roth

STAFF PRESENT: Diana Fuentes Michel, Catherine Brown, Gloria Lopez, and Steve Caldwell

TAB 1 – PROPOSED GOVERNMENTAL RELATIONS COMMITTEE CHARTER: The Committee discussed its charge from the Commission Chair to establish a charter and several issues including:

- Clarifying the role of the Committee in terms of taking positions on bills and creating a procedure that would allow staff to express a position particularly on bills that change or come into play between Commission meetings;
- Clarifying the criteria used to take specific positions;
- Feedback on policies on Cal Grant programs and general financial aid policy related to the Commission's over-arching role in the higher education community;
- Including the delegation/decision authority policies in the charter;
- Administrative responsibilities vs. policy responsibilities in terms of what needs to be reported up and issues that should be delegated to the Executive Director and staff; and
- Committee members expressed an interest in moving forward, but are interested in seeing the charters developed by the other committees and by the Commission as a whole in the final Roles and Responsibilities document.

No action was taken on the charter – staff was asked to continue to incorporate the discussion points into the draft and to work with the Committee.

TAB 2 – STATE LEGISLATIVE ISSUES UPDATE AND CONSIDERATION OF ACTIONS TO TAKE

POSITIONS ON BILLS AFFECTING THE COMMISSION: The Committee discussed several pending bills and staff provided an update on bills that have been held in the Senate and Assembly Appropriations Committees. The following bills were discussed:

- **AB 358** – The Executive Director indicated that we would need to submit a Budget Change Proposal (BCP) to implement the bill's provisions. The bill would, among other things, place the determination of the maximum Cal Grant award for students attending independent postsecondary institutions in statute rather than in the annual budget act;
- **AB 751** – The policy would change the nature of the Commission's responsibilities. Staff commented that while the problem of fraud in the area of scholarship and financial aid information is a real problem, we do not know the scope and depth of the problem or how staff would be able to carry out the new and very different responsibilities included in the provisions. The Executive Director indicated that staff should compose a letter to the Governor to be signed by the Executive Director;
- **SB 160** – This bill would provide campus-based financial aid to undocumented students who qualify to pay in-state tuition and fees at CSU and UC under AB 540 (3 years attendance and graduation from a California high school). The Commission Chair received a letter from Senator Cedillo requesting the Commission's support of the bill. The Committee directed staff to draft a letter for the Commission Chair's consideration

supporting the concept of increased opportunities for California students while leaving the citizenship issues to the federal government;

- **SB 1383** – The Committee directed staff to draft a letter for the Commission Chair’s consideration. The Commission did not take a position on SB 1383 which, in its prior form would have allowed students to receive a Cal Grant without passing the CAHSEE. In the absence of an official position on SB 1383, the Committee directed staff to prepare a letter of support of the current version of the bill to be provided to the Commission Chair for his approval and subsequent transmittal to the Governor.

The meeting was adjourned.

DRAFT**CALIFORNIA STUDENT AID COMMISSION
GOVERNMENTAL RELATIONS COMMITTEE CHARTER
AUGUST 2006****PURPOSE**

- The mission of the California Student Aid Commission (Commission) is to make education beyond high school financially accessible to all Californians. The Commission is dedicated to implementing and maintaining the integrity and value of the Cal Grant Entitlement Program and ensuring that all California students learn about the program and apply for its benefits.
- The Governmental Relations Committee is the primary body within the Commission that promotes these principles with the Legislature, the Governor's Office, Congress, organizations associated with the federal government, and other various external entities.
- The state's continued commitment to improve the availability and amount of financial aid is crucial to ensure educational access for all California students and strengthen the state's economic well-being by educating California's future workforce. To this end, the Committee's responsibilities include:
 - Working with Commission staff to develop and recommend official Commission positions to the full Commission on Legislation that would affect the Commission's programs.
 - Working with Commission staff to develop and recommend legislative proposals to improve Cal Grant and other specialized programs Commission programs in accordance with the approved legislative principles.

PRIMARY OBJECTIVES

- The Committee is committed to working with the Legislature and external partners to promote the following objectives:
 - The Commission should continue to advocate for legislative recognition and funding to implement and improve the Cal Grant Program.
 - The Commission should continue to advocate maintaining the Cal Grant program's integrity and for increases in the value of all Cal Grant awards to help defray the cost of obtaining a postsecondary education.
 - As part of the Cal Grant Entitlement program, the Commission should advocate for increases in funding to help reach all graduating high school seniors with a goal of having them obtain, complete, and return a Free Application for Federal Student Aid (FAFSA).

LEGISLATIVE PRINCIPLES

- Legislative and Executive branch support for student financial aid has resulted in creating and funding the expanded Cal Grant Entitlement Program, and expanding Commission outreach efforts to provide Cal Grant information to parents and teachers. Continued support as an investment in California's continuing economic recovery is vital as the State's economic future is tenuous.

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- Recognizing the critical need to maintain Legislative and Executive support for postsecondary educational issues, the Committee adopts the following general statement of principles to guide staff in consideration of legislation and related policy issues during the current and future legislative sessions:

Foster Educational Access and Affordability

- The Commission and the State should advocate for increased higher education opportunities for all California students.
- The Commission should strive to ensure that financial aid to the growing number of needy California college students continues to expand and not erode as the cost of completing a postsecondary education continues to rise.
- The Commission should cultivate legislation and budget actions, which would protect, strengthen, and increase the state's General Fund commitment to student financial aid.
- The Commission should encourage continued bipartisan support for the Cal Grant programs and promote growth in program funding.
- The Commission should pursue state budget support that continues to build on the Cal Grant Programs.
- The Commission and State should promote expanded educational and transfer opportunities for students transferring from community colleges to four-year colleges.
- The Commission should support legislation that will enhance the benefits to those participating in state or federal tuition savings plans that encourage saving while offering tax relief incentives, such as ScholarShare.

Preserve the Flow of Financial Aid

- The Commission should 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.
 - The Commission should promote the uninterrupted flow of student financial aid to enable students to achieve their educational goals.
 - The Commission should advocate federal and state actions that result in sufficient and effective financial aid for California students. 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.
 - The Commission should advocate policies that promote the cost-effective and timely administration of student financial aid programs.

Ensure Adequate Support and Flexibility for Commission Operations

- The Commission should ensure that its administrative functions are sufficient to: fulfill its essential mission and responsibilities; administer its programs effectively and efficiently; expand the use of advanced technological services and streamlined operations; provide high quality financial aid services to its customers and Californians at large; and retain a qualified, professional workforce.
- The Commission should seek to preserve the opportunity established through AB 3133, (Statutes of 1996), the legislation authorizing the establishment of EDFUND, to maintain

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the flexibility needed to respond to the competitive loan guarantee environment and provide stable loan guarantee services to all Californians.

AUTHORITY

The Governmental Relations Committee was established by the Commission to further the Commission's mission in relation to the Legislature and Congress. The Committee has the authority to discuss legislative proposals, advocacy for Commission programs and proposals and to recommend legislative positions and advocacy activities to the full Commission.

COMPOSITION

The Committee is a permanent standing committee of the Commission consisting of at least three members of the Commission. The Chair of the Commission appoints the members of the Committee annually, and designates a Chair and Vice Chair for the Committee.

The Chief of the Governmental and Public Affairs Division is the staff liaison to the Committee and is responsible, in consultation with the Committee Chair, for developing and presenting agenda items for the Committee meetings and for keeping members informed of Governmental Relations issues.

MEETINGS

The Committee will meet at least four times annually, with authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting, in person or via-teleconference. The Committee will invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. It may meet periodically with management, internal auditors and external auditors.

All Committee meetings must be publicly noticed in accordance with the Bagley-Keene Open Meeting Act whenever three or more of the Committee members will be present. Formal minutes will be produced for each meeting.

REPORTING RESPONSIBILITIES

The Committee shall:

1. Regularly report to the Commission about Committee recommendations and staff analyses and reports

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The Governmental Relations Committee Charter is adopted by:

Chair, California Student Aid Commission: James Fousekis Date

Chair, Governmental Relations Committee: Daniel Friedlander Date

Executive Director: Diana Fuentes Michel Date

STATE LEGISLATIVE UPDATE

The second half of the 2005-2006 Legislative Session began on January 4th 2006 and will end on August 31, 2006. August 18th was the last day for fiscal (Appropriations) committees to meet and report bills to the floor. The General election is on November 7th and the session begins again in January with many new Legislators as the 2007-08 two-year session begins. Several bills were approved and several were held in committees. All bills presented to the Governor after September 1st must be acted upon by the Governor (signed or vetoed) in 30 days or they become law without his signature.

AB 358**Position: Support**

Author: Liu (D-La Canada - Flintridge)

Version: As Amended on August 22, 2006

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 and 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.

Specifically, this bill would:

- Establish 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.
- Provide 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.
- Declare the Legislative finding that the lack of first-year need-based tuition and fee assistance to 98 percent of Cal Grant B recipients may present a barrier to access for economically disadvantaged students.
- Requires the Commission, in consultation with the segments of postsecondary education, to review the funding policy for first year Cal Grant B students and analyze alternative funding policies and the potential costs associated with various alternatives and report by September 1, 2007 its findings and recommendations to the Legislature.

Reporting Requirement: Review Cal Grant B funding policies, analyze alternatives and provide recommendations in a report to the Legislature on or before September 1, 2007.

Costs/Administrative Concerns: Workload associated with reprogramming the amount of the maximum award in the Grant Delivery System and with developing a report on Cal Grant B.

Background on Position: This bill is consistent with the Commission's approved legislative principles. Specifically, the Commission should continue to advocate maintaining the Cal Grant program's integrity and for increases in the value of all Cal Grant awards to help defray the cost of obtaining a postsecondary education.

Status: Passed by the Senate and Assembly – to Enrollment.

AB 751

Position: None

Author: Chu (D-Monterey Park)

Version: As Amended August 22, 2006

Subject: Purveyors of Private College Financial Aid Services

This bill would authorize the Commission to regulate all matters and functions related to the state operations of purveyors of private college financial aid services for the purposes of preventing financial aid and scholarship fraud and;

- Require a purveyor, as specified, of private college financial aid services to register, and pay a fee, and file a bond with the Commission;
- Provide that moneys from the fee would be used to fund the duties and responsibilities under this Act;
- Provides that contracts entered into by California citizens with purveyors who have not registered with the Commission and filed the appropriate bond would be unenforceable by the contractor; and
- Require a contract for aid be in the language of the parent or student.

Reporting Requirement: The Commission would be required to report any pertinent information received through the required Internet Web Site to the Office of the Attorney General

Costs/Administrative Concerns: The Commission would be required, or potentially to contract out services, to investigate complaints and to register “purveyors of private college financial aid services and collect a fee. Because the cost is unknown and the scope of the problem is undetermined at this time, this bill presents special challenges and necessitates an ongoing discussion. The bill contains no appropriation.

Concerns: Commission staff has expressed concerns in committee that the scope of the fraud problem is unclear and that the Commission does not have the expertise to carry out the responsibilities outlined in the bill.

Status: To the Assembly for concurrence in Senate amendments.

AB 1452

Position: None

Author: Nunez (D-Los Angeles)

Version: As Amended on June 22, 2006

Subject: Financial Aid Endowment

This bill would enact the Student Access Scholarship Endowment Act, to be administered by the Student Aid Commission. The bill would declare the Legislature’s intent to appropriate \$25 million in the annual Budget Act to:

- Provide grant awards to eligible students attending participating campuses of the CSU and UC, based upon financial need;
- Requires a total match of \$25 million and a match from individual participating campuses prior to use of the funds;
- The Commission to work with the Pooled Money Investment Board to establish the Student Access Scholarship Endowment Trust Fund; and

- Provides, upon the election of the trustees or the regents to participate, a separate account would be established within the trust fund for each campus.

Reporting Requirements: The commission would be required to include reporting and data requirements in the rules and regulations required in the bill and to work with the UC and CSU to gather data and report annually on the following:

- The number of program grant awards made and disbursed;
- The amounts contributed to each account and the rate of return earned by the contributions deposited in the California Student Access Scholarship Endowment Trust Fund; and
- Information reported by participating campuses of the CSU and UC relative to family income, ethnicity, and gender of program grant award recipients.

Cost/Administrative Concerns: The Commission would be required to adopt rules and regulations within 6 months of the effective date of the appropriation.

Status: Pending on the Senate Floor.

AB 2578

Position: None

Author: Frommer (D-Los Feliz)
Version: As Amended on June 22, 2006
Subject: Hope Public Trust

This bill would establish the Hope Public Trust in state government. It would require a complete and thorough inventory of all state-owned real estate and property and all lease agreements between any state agency, and private or nonpublic management groups and would authorize revenue bonds.

Reporting Requirements: None identified.

Cost/Administrative Concerns: None specific to the Commission.

Status: Passed by the Senate and Assembly – to enrollment.

AB 2813

Position: Support

Author: De La Torre (D-South Gate)
Version: As Introduced May 26, 2006
Subject: Cal Grants – Number of Competitive Awards and Cal Grant B Tuition Award

This bill would increase the age limit for the Cal Grant Transfer Entitlement award program from under 24 years of age to not more than 27 years of age (under 28).

Reporting Requirements: None identified. Commission staff should be prepared to report on the number of students served compared to the current age limit of 24.

Cost/Administrative Concerns: None specific to the Commission.

Status: Passed by the Senate and Assembly – to enrollment.

SB 160

Position: None

Author: Cedillo (D-Los Angeles)

Version: As Amended on June 28, 2006

Subject: Financial Aid for Undocumented Students

This bill would enact the California Dream Act, which would:

- Require the Trustees of the CSU and the Board of Governors of the California Community Colleges, and would request the Regents of the UC, to establish procedures and forms that enable persons who are exempt from paying nonresident tuition under the provision (per AB 540), or who meet equivalent requirements adopted by the regents, to apply for, and participate in, all student aid programs administered by these segments to the full extent permitted by federal law;
- Authorize community college districts to waive the fees of persons who are exempt from nonresident tuition under the provision described above to apply to the Board of Governors to receive the fee waiver under this provision; and
- Require the Board of Governors to modify existing forms, and establish a procedure for applications made pursuant to this provision, and who otherwise qualify for a waiver under this provision, under regulations.

Reporting Requirements: None identified.

Cost/Administrative Concerns: None specific to the Commission.

Status: Passed by the Assembly – to the Senate for concurrence in Assembly amendments.

SB 1309

Position: None

Author: Scott (D-Altadena)

Version: As Amended on August 10, 2006

Subject: State Nursing Assumption Program of Loans for Education

This bill would make various technical, nonsubstantive changes in the State Nursing Assumption Program of Loans for Education (SNAPLE) Act. It would also among, other things;

- Establish the State Facilities Assumption Program of Loans for Education under the administration of the commission to provide loan assumption benefits to persons who fulfill agreements to work full-time for 4 consecutive years as clinical registered nurses in state-operated 24-hour facilities that employ registered nurses as specified;
- Require the Commission to report specified data about program participants annually to the Legislature.
- Require the Office of the Legislative Analyst to submit, on or before May 1, 2011, a report to the Legislature that includes the findings and recommendations of the Legislative Analyst with respect to the efficacy of the program.
- The bill would provide that the State Facilities Assumption Program of Loans for Education would become inoperative on July 1, 2012, and would be repealed on January 1, 2013.

Reporting Requirements: Require the Commission to report specified data about program participants in the State Facilities Assumption Program of Loans for Education annually to the Legislature.

Cost/Administrative Concerns: Staff worked with the Legislative staff to ensure appropriate administration of the programs was addressed in this bill.

Status: Passed by the Assembly to the Senate for concurrence as amended to remove the Cal Grant N program from the bill.

SB 1383

Position: None

Author: Ortiz (D-Oceanside)

Version: As Amended August 7, 2006

Subject: CAHSEE – Eligibility for Cal Grant Awards

This bill would specify that a student who does not meet the requirements for a high school diploma or its equivalent in the academic year immediately preceding the award year, but who meets the requirements for a high school diploma or its equivalent by December 31 of the academic year immediately following the date of application, satisfies the requirement of obtaining the equivalent of high school graduation or its equivalent for the purposes of the act.

Reporting Requirements: The bill would require the Commission to report specified data about students who qualify for Cal Grant awards under the provisions of this bill.

Cost/Administrative Concerns: Staff needs to work with the Legislative staff to ensure appropriate administration of the programs in addressed in this bill.

Status: Passed by the Assembly and Senate – to enrollment.

SB 1592

Position: None

Author: Romero (D-Los Angeles)

Version: As Amended on May 24, 2006

Subject: CAHSEE

This bill would require the Superintendent of Public Instruction, by June 30, 2007, to report to the Legislature and the Governor on the number and percentage of pupils who failed to receive a diploma of graduation from high school in 2006 due to the failure of those pupils to pass the high school exit examination, aggregated by ethnicity, English learner status, and other information as may be determined to be necessary to understanding the meaning and consequences of the failure to pass the high school exit examination.

Reporting Requirements: None identified.

Cost/Administrative Concerns: None specific to the Commission.

Status: Passed by the Assembly and Senate – to enrollment.

Bills that Were Held In Committee

1. **AB 476** Baca (D-Rialto): Expansion of the APLE Program
Status: Held in the Senate Appropriations Committee.

2. **AB 1315** Liu (D-La Canada): Cal Grant B Access Stipend
Status: Held in the Senate Appropriations Committee.

3. **AB 1399** Garcia (R-Cathedral City): National Guard – Cal Grant Competitive Program
Status: Held in the Senate Appropriations Committee.

4. **AB 1532** Bass (D-Los Angeles): Foster Youth: Cal Grant Access
Status: Held in the Senate Appropriations Committee.

5. **AB 2040** Chu (D-Monterey Park): High School Exit Examination – Additional Exam Dates
Status: Held in the Senate Appropriations Committee.

6. **AB 2262** Baca (D-Rialto): APLE Awards/Vocational Education
Status: Held the Senate Appropriations Committee.

7. **AB 2489** Leno (D-San Francisco): Foster Youth Services and Cal Grant benefits
Status: Held in the Senate Appropriations Committee.

8. **AB 2532** Karnette D-Long Beach): Adult Education Funding (CAHSEE)
Status: Not heard on the Senate Appropriations Committee –sent back to Assembly.

9. **AB 2551** Blakeslee (R-San Luis Obispo): National Guard APLE
Status: Held in the Senate Appropriations Committee.

10. **SB 1264** Alquist (D-Santa Clara): Additional Cal Grant Competitive Awards
Status: Held in the Assembly Appropriations Committee.