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## Information/Action Item

### *California Student Aid Commission*

Discussion of options for California's implementation of federal financial aid regulations requiring state (1) authorization and (2) complaint processes for postsecondary institutions to qualify to participate in federal student financial assistance programs and the Cal Grant Program

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As discussed at the August Commission meeting, the US Department of Education imposed two new requirements on institutions of higher education participating in federal student aid – both grants and loans.

The regulations require that the state participate in enforcing these federal conditions. First, a participating institution must, in effect, be licensed by the state to offer higher education. Second, that institution must agree to abide by a state process set up to deal with complaints.

Although the effective date was to have been July 1, 2011, California was not ready and requested the allowable one-year extension to allow the Brown Administration and the Legislature to construct a "compliance solution."

Based on the Commission discussion at the last meeting and on further review, we believe that the Commission need not seek direct responsibility to administer the state-authorization or complaint functions. Rather, the Commission should have access to any information potentially affecting Cal Grants and financial aid at Cal Grant institutions available from the state agencies ultimately responsible for those functions. This would facilitate the Commission's administration of its statutory responsibilities over state financial aid operations and policy.

**Recommendation:** Adopt the following position:

The California Student Aid Commission recommends to the Governor and the Legislature that state implementation of the federally required authorization and complaint processes for postsecondary institutions include, at a minimum, Commission access to any information potentially affecting Cal Grants and financial aid.

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