

Information/Action Item

California Student Aid Commission

Discussion of AB 187 and the Commission's responsibilities in establishing a pilot program for an alternative Cal Grant delivery system

Assembly Bill (AB) 187 was signed into law on November 5, 2009. AB 187 requires the Commission to implement a pilot program for an alternative Cal Grant delivery system under which qualifying institutions (according to regulation and Commission determination) would be authorized to voluntarily administer Cal Grant A and B Entitlement awards and Transfer Entitlement awards for students admitted to their campuses.

Prior to undertaking any tasks in furtherance of the pilot program established by AB 187, the Commission is required to make a determination that sufficient funding exists for it to conduct its regular operations for administering the Cal Grant program. This determination is the subject of the following agenda item and is discussed more fully therein. (See Tab Item 4.) In furtherance of the Commission making such a finding, AB 187 appropriates \$4.3 million from the General Fund to the Commission for support of its operating budget in 2009-2010.

Upon making a finding that it has sufficient funds to conduct its regular operations, the Commission must, within 15 days, convene an advisory task force composed of Commission staff and institutional representatives to assist in understanding the necessary technical and data requirements of implementing the pilot program.

At the outset, AB 187 requires at least 30, but no more than 35, qualifying institutions to commit to participating in and to paying the costs of the pilot program before the Commission is required to implement the pilot program. Participation from each of the University of California, the California State University and California Community Colleges segments is limited to no more than 25% of the total number of campuses within each segment participating in the pilot program.

AB 187 also requires that the Commission adopt emergency regulations relating to the pilot program alternative delivery system prior to July 1, 2010, and articulates certain principles to guide the Commission in developing the pilot program:

1. The pilot program must be consistent with the statutory purpose of the Cal Grant Program, which is to provide students who have financial need with access to, and their choice of, an institution of higher education.
2. The pilot program must not disrupt awards and services to students under the Cal Grant Program.
3. The pilot program must not impair the Commission's ability to keep track of all students as long as they are eligible for any Cal Grant awards and other student financial aid administered by the Commission.

4. The pilot program must not impair the Commission's ability to communicate with students if they are eligible for Cal Grant awards.
5. The pilot program must not impair the Commission's ability to make awards to students.
6. The pilot program must not impair the Commission's ability to pay Cal Grant awards, disburse funds, confirm Cal Grant awards, require participating Cal Grant institutions to conform to Cal Grant law, and to provide student and Cal Grant award information to the Commission.
7. The pilot program should take advantage of, and not impair, the efficiencies of the recent Internet-based improvements to the Commission's Grant Delivery System.

The emergency regulations, and final regulations, will implement substantive requirements mandated by AB 187. The major requirements are discussed below.

Qualifying institutions must submit an application to the Commission to participate in the pilot program. Institutions approved by the Commission to participate in the pilot program must pay all costs associated with the development, implementation, maintenance and improvement of the alternative delivery system, including all costs incurred by the Commission, without requiring any additional state funds. The Commission is expressly prohibited from expending its own resources on the development and implementation of the alternative delivery system. Therefore, the regulations must establish a process by which the Commission receives payment from the participating qualifying institutions before incurring costs in developing, implementing, maintaining and improving the alternative delivery system.

The Commission must also have authority to receive and spend the payments from the participating qualifying institutions before it can incur costs, thus, the Commission's appropriations in the State Budget must include that authority. At this early stage, Commission staff estimates that at least 1 or 2 vacant positions must be filled in both the Program Administration and Services Division (PASD) and the Information Technology (IT) Division to develop, implement and maintain the pilot program.

With respect to costs, AB 187 expressly provides that any qualifying institution that is a local agency – generally, any community college - participating in the pilot program is deemed to have acknowledged and agreed that its participation is voluntary and that all costs it incurs to participate in the pilot program are not reimbursable as a state-mandated local cost.

The pilot program for an alternative Cal Grant delivery system does not change any of the award eligibility requirements for the Cal Grant A and B Entitlement and Transfer Entitlement.

AB 187, however, imposes obligations on the qualifying institutions that have been approved by the Commission to award these Cal Grants. The regulations will define these obligations, which require qualifying institutions to, among other things:

1. Inform their students of their Cal Grant eligibility before an enrollment decision is required for the following year, include the Cal Grant award in the students' complete financial aid award, and inform students that they may be eligible to use their Cal Grant award at another qualifying institution to which they might be admitted;
2. provide assistance to all students, parents, and high school counselors inquiring or seeking information about Cal Grant awards and other student financial aid, including information about the availability of, requirements for, and the amount of, Cal Grant awards that may be available at other qualifying institutions in all segments of postsecondary education. Failure to comply with this requirement renders the qualifying institutions ineligible to participate in the pilot program. This will require the regulations to provide for a monitoring and

enforcement process that will set forth the procedure for ending a qualifying institution's participation in the pilot program if it fails to satisfy this obligation;

3. report, among other things, the following information to the Commission in a form, and within the time, determined by the Commission to maximize student access to Cal Grant awards:
 - a. information necessary to determine Cal Grant funding projections for the State Budget;
 - b. aggregate information on applicants for Cal Grant awards and students who have been awarded Cal Grants, by income level, gender, age, and ethnicity;
 - c. information on the total amount of institutional aid available for students at the qualifying institution, the total number of recipients of institutional aid, the total amount of institutional aid provided to recipients of Cal Grant awards at the qualifying institutions, and the amount of institutional aid awarded to each student receiving a Cal Grant award.

Commission staff anticipate implementing the pilot program for the 2011-12 award year, assuming the 30 institutions required by AB 187 have applied and been accepted.

A timeline of key dates in the development of the pilot program alternative delivery system can be found at Tab 3.a. The timeline includes dates related to the statutorily-required convening of the advisory task force and adoption of emergency regulations.

Responsible Person(s): Keri Faseler Tippins
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KEY DATES AND PROCESSING TIMELINE

(Subject to Change Based Upon Date of Enactment of AB 187 and Other Factors)

AB 187 Key Dates

- October 29, 2009 - AB 187 Enrolled and Sent to the Governor
- November 29, 2009 – the Governor has until this date to sign or veto before AB 187 goes into effect by operation of law.
 - ✓ If Signed by the Governor: The Commission must, at a regular public meeting, make a determination that it has sufficient funding for it to conduct its regular operations for administering the Cal Grant Program.
 - If the Commission makes a finding that it has sufficient funding to conduct its regular operations for administering the Cal Grant Program: The Commission must convene an advisory task force to assist in understanding the technical and data requirements necessary for implementation of the pilot program. (§ 69452(b).)
- December 4, 2009 – Earliest expiration of the 15-day Advisory Task Force timeline
- December 2009 – February 16, 2010 – Advisory Task Force meets to formulate program technical and data requirements and develop the necessary emergency regulations
- February 16, 2010 – Submit Draft Rulemaking Documents to DOF.
- March 15, 2010 – Receive Comments from DOF
- March 29, 2010 – Finalize Rulemaking Documents
- April 5, 2010 – Issue Commission Meeting Notice for April Regular Meeting
- April 15, 2009 – Commission Adopts Emergency Regulations
- April 26, 2010 – Commission posts Rulemaking Documents on Website / Mail to Stakeholders (Must be 5 days prior to submission to OAL)
- April 30, 2010 – FSR Submitted to Office of the State Chief Information Officer and the Legislative Analyst's Office
- May 3, 2010 – Submit Regulations to OAL – 5 Day Public Comment Period Begins
- May 7, 2010 – 5 Day Public Comment Period Ends
- May 13, 2010 – OAL Approves or Denies Emergency Regulations
- May 24, 2010 – Begin the Regular Rulemaking Process (Must be completed within 180 days of May 13, 2010.)
- June 30, 2010 – FSR approved by Office of the State Chief Information Officer

KEY DATES AND PROCESSING TIMELINE

(Subject to Change Based Upon Date of Enactment of AB 187 and Other Factors)

- July 1, 2010 – Deadline to Adopt Emergency Regulations
- November 9, 2010 – Expiration of 180 days for regular Rulemaking Process to be complete