

## Exhibit 2

### Action Item

#### Consideration of policy formulation and proposals

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The ad hoc committee on policy formulation met on January 23, 2014, to discuss a priorities framework as a starting point for the Strategic Policy and Planning Committee and the Commission to discuss policy priorities.

The result is a draft statement of priorities, which is attached as Exhibit 2.1. The draft priorities purposely are not numbered, and no recommendation should be inferred from the order of the priorities in the draft.

The ad hoc committee had a wide-ranging discussion reflecting the challenges of developing a general statement of priorities to account for the infinite number of practical ways issues requiring reference to those priorities could be presented.

The following are some relevant points raised during the ad hoc committee discussion. It should be noted that the ad hoc committee reviewed an earlier version of priorities that was different from this draft statement.

- **Maximize public investment in California students through financial aid that:**
  - **Ensures access for low-income and underrepresented California students to our public colleges and universities and non-profit independent colleges; and**
  - **Ensures sufficient financial support for living expenses and costs of attendance for low-income community college students.**

Ad Hoc Committee: The committee noted that Commissioners have already taken steps in furtherance of this priority. For example, Commissioners took a “support” position on Senator De León’s bills to increase the Cal Grant B access amount covering living expenses and expenses for transportation, supplies and books. This would especially benefit community college students. Commissioners have worked to improve delivery of the Competitive Cal Grants, and have considered partnerships to expand FAFSA completion.

This priority also furthers the first and third policy goals of “Broad Equitable Access” and “Persistence and Completion” in the Commission’s 2013 Strategic Policy Framework, adopted by the Commission on November 16, 2012. (See Exhibit 2.2)

Commissioners have previously supported restoring the non-profit independent college award amount in concept, so the ad hoc committee included the general reference to ensuring access to non-profit independent colleges in the draft priority.

## California Student Aid Commission

The inclusion of for-profit institutions did not receive support during the ad hoc committee discussions.

- **Maximize the effectiveness of state-authorized financial aid programs through consequential quality standards and consumer protections for students attending any California college.**

Ad Hoc Committee: This priority furthers the second policy goal of “Education Quality Transparency” in the 2013 Strategic Policy Framework. It reflects the Commission’s current enforcement of the cohort default rate (CDR) and graduation standards for the Cal Grant program. This priority also reflects the significance of the Commission’s letter to Secretary Arne Duncan at the U.S. Department of Education (see Exhibit 3.1) urging federal action to prevent CDR manipulation.

- **Advance awareness of financial aid for California students and parents through sufficient funding and support for comprehensive outreach programs and financial literacy programs that include federal, state and institutional aid, loans and other opportunities to cover the cost of college.**

Ad Hoc Committee: This priority furthers the first, second and third policy goals of “Broad Equitable Access,” “Education Quality Transparency,” and “Persistence and Completion” in the 2013 Strategic Policy Framework.

The success of the Steps To College 2014 event in partnership with the Consul General of Mexico in Sacramento demonstrates the critical unmet need and demand for financial aid awareness and financial literacy. The Commission’s Cash For College events in partnership with the Los Angeles Chamber of Commerce Foundation, Cal-SOAP consortia and other organizations continue to grow each year. However, with the expiration of the federal Challenge Grant funding for Cash For College and the Cal-SOAPs, the Commission’s ability to address the unmet need for outreach requires additional support.

- **Influence and inform federal policy on financial aid policy and programs that affect California students and parents.**

Ad Hoc Committee: This priority reflects the Commission’s actions and previously voiced intent to insert a California influence into national decisions affecting financial aid. These actions include the Commission’s letter to Secretary Duncan on CDR manipulation, and the meetings between Commissioners Michele Siqueiros and Brian Conley with the former Under Secretary of Education and the current Acting Under Secretary, and Congress on behalf of the Commission.

This priority is also consistent with the first, second and third policy goals of “Broad Equitable Access,” “Education Quality Transparency,” and “Persistence and Completion” in the 2013 Strategic Policy Framework.

- **Maximize the effectiveness of state-authorized financial aid programs through sufficient funding and support for the operations of the California Student Aid Commission.**

## California Student Aid Commission

Ad Hoc Committee: This priority furthers the fourth policy goal of “CSAC Effectiveness” in the 2013 Strategic Policy Framework.

Executive Director Diana Fuentes-Michel has consistently emphasized that the Commission has significantly increased the number of students it serves, increased the size of the Cal Grant program, as reflected in the greater funding included in the State budgets, and taken on new and greater responsibilities, with half the staff it had before the increases. Further, the obsolete computer system that services the Commission’s programs places financial aid processing for hundreds of thousands of students at risk.

**Responsible Person(s):** Michele Siqueiros, Chair  
Strategic Policy & Planning Committee

## DRAFT

### CALIFORNIA STUDENT AID COMMISSION STATEMENT OF POLICY PRIORITIES (2014)

As the primary state agency for administering state-authorized financial aid programs, and in furtherance of its responsibility to provide policy leadership on student financial aid issues, the California Student Aid Commission establishes the following policy priorities to fulfill the state's historic, long-term commitment to ensuring both access to and selection of an institution of higher education for students with financial need:

- Maximize public investment in California students through financial aid that:
  - Ensures access for low-income and underrepresented California students to our public colleges and universities and non-profit independent colleges; and
  - Ensures sufficient financial support for living expenses and costs of attendance for low-income community college students.
- Maximize the effectiveness of state-authorized financial aid programs through consequential quality standards and consumer protections for students attending any California college.
- Advance awareness of financial aid for California students and parents through sufficient funding and support for comprehensive outreach programs and financial literacy programs that include federal, state and institutional aid, loans and other opportunities to cover the cost of college.
- Influence and inform federal policy on financial aid policy and programs that affect California students and parents.
- Maximize the effectiveness of state-authorized financial aid programs through sufficient funding and support for the operations of the California Student Aid Commission.

**CALIFORNIA STUDENT AID COMMISSION**  
**2013 Strategic Policy Framework**  
*Approved by the Commission on November 16, 2012*

1. **Broad Equitable Access:** *Since postsecondary education benefits both individuals and society, California has a vital interest in making sure no Cal Grant-eligible student forgoes college because they cannot afford the cost. Therefore, the California Student Aid Commission will advocate in partnership with students for financial aid and support policy decisions about Cal Grants that ensure that college access is equitable, affordable and comprehensible to the broad span of the State's diverse student population.*

Students who end their education at high school are at a financial disadvantage for the rest of their lives. This is a fact that has implications for California's future workforce and tax base. Investing in student access to college is a sound policy that benefits both students and society. In addition to making college access affordable and equitable, policies need to support the broad dissemination of information so students understand their options and can make informed choices.

2. **Education Quality Transparency:** *As a major investor in higher education, California has high expectations for the quality of education that students receive. Therefore, policy decisions about Cal Grants should 1) focus on outcomes that reflect the capability of graduates to be productive members of society; 2) hold institutions accountable for their performance through incentives and disincentives; and 3) support the ability of students and families to make informed choices about education quality by providing accurate, transparent information.*

A college education that leaves a graduate unprepared to succeed in life is of questionable value to both the individual and the State. While the quality of college programs is a matter for accreditation bodies, it is reasonable for the State to seek assurance that its investment in financial aid supports high-quality education opportunities and outcomes for students.

3. **Persistence and Completion:** *Access to college is only the first step toward a better educated citizenry and workforce. Therefore, policy decisions about Cal Grants should reflect the need to help students persist and complete their education once they enroll in college.*

State and federal studies demonstrate that financial aid is a critical factor in the ability of low-income students to persist and complete a college education. There is compelling evidence that students are able to enter, continue and complete college at much higher rates when they have access to sufficient financial aid – and to Cal Grants in particular. Studies have found that receiving a Cal Grant is significant in determining whether students enroll immediately after high school, re-enroll for a second year, stay at the same institution for four years, or remain enrolled somewhere for four years.

## Exhibit 2.2

However, other state and federal studies have indicated persistence and completion happen at far lower rates for low-income students, who often drop out of college when they run out of money to pay fees or when they must devote time to jobs instead of studying. To ensure the State's investment is well utilized, decisions about financial aid should move beyond a focus on broad access to take into account the persistence and completion performance of students at institutions that participate in the Cal Grant program.

4. **CSAC Effectiveness: *To best respond to the growing need for financial aid, it is important for CSAC to operate programs effectively and efficiently. To support CSAC effectiveness, therefore, policy decisions about Cal Grants should be data-driven, sustainable, student-centric, based on feedback from stakeholders, and carefully considered to achieve CSAC goals and avoid unintended consequences.***

As the Commission advocates for programs that will broaden access, ensure quality education and increase persistence/completion, it is important to understand the ripple effects that can occur when changes are made. Policy decisions should be considered holistically so that decisions in one area that benefit some students do not disadvantage other students unintentionally.

The Commission has compiled a notable record for efficient administration of existing programs. Over the 12 years ending in 2011-12, the Cal Grant program has grown 206% while administrative overhead and staffing have been significantly reduced.