

Exhibit 2

Information/Action Item

Consideration of state and federal legislation and issues affecting
Commission programs

At the March 20, 2014 Strategic Policy and Planning Committee (SPPC) Teleconference meeting Commission committee members voted to take positions on three pieces of legislation and one trailer bill. These recommendations are set to be heard by the full Commission at their April 10-11 meeting (Pages 2-3).

In addition to bills recommended for position several new pieces of legislation related to CSAC and financial aid have been introduced and amended beyond spot bill language. Five of these bills were heard briefly by SPCC committee members (Pages 4-5). Five other bills have recently been amended and assigned to committees (Pages 6-8).

Please note that each bill with a recommended position also includes a notation concerning the alignment between the legislation and Commission Policy Priorities.

Finally please note the brief analysis on a new bill AB 1927 – Frazier (Model debit card policies) that brings up an issue that Commissioners took up last year, Debit Cards. The analysis includes mention of an active two-year bill that Commissioners took a support position on last year, SB 845-Correa (Model debit card contracts). I have included them in this analysis together to entertain Commissioners' position on the new bill and the Commission positions on the issue of Debit Cards. Joining me in that conversation will be our Program and Administration Divisions Chief, Catalina Mistler.

In addition to State Legislation the focus of our oral update on the Federal Higher Education issues includes information related to the U.S. Department of Education Negotiated Rulemaking 2013-2014 on the Higher Education Reauthorization Act of 2014. Input from multiple parties is being discussed and accepted by the US Department of Education (USDOE). Legislative staff intends to travel to D.C. for the April 23, 2014 session at USDOE.

Responsible Person(s): Angelo Williams, Legislative Director
Strategic Policy, Media and Communications Division

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State Legislation with SPPC recommended positions

1. AB 1590 Wieckowski

- **Introduced:** 02/03/2014
- **Location:** Assembly Higher Education Committee
- **Summary:** Changes the date CSAC certifies three-year cohort default rates (Oct 1-Nov 1) and the definition of graduation rates (defines GR as percentage of FT, FrT degree or cert seeking students who graduate in 150% or less of expected time to degree). Substitutes Stafford for Perkins Loan Program as one of the federal student aid programs in which a private or independent institution must participate to qualify for the Cal Grant program.
- **Agency Fiscal/Programmatic Impact** – Minor
- **Alignment with Policy Principles** – 1.1, 2
- **Staff Recommendation** - Support
- **SPPC Committee Position** – Support

2. AB 1456 Jones-Sawyer

- **Introduced:** 01/09/2014
- **Location:** Assembly Higher Education Committee
- **Summary:** Requires CSAC, with partners, to study the effects of enacting a pilot program allowing state residents to pay for their education (UC, CSU and CCC) by contracting to pay a portion of their future income for a specified number of years, rather than paying tuition and fees to enroll.
- **Agency Fiscal/Programmatic Impact** – Requires at least one new PY. Staff time.
- **Alignment with Policy Principles** – 1.1, 2
- **Staff Recommendation** – Support assignment of study to CSAC, if budget funds available
- **SPPC Committee Position** – Watch; Support the assignment of a study to the Student Aid Commission; and Refer to full Commission for discussion at the next Commission meeting.

3. AB 330 Chau (2 Year)

- **Introduced:** 2/13/ 2013
- **Location:** Referred Senate Education Committee and Business, Professions & Economic Development Committee (2/6/14)
- **Summary:** Requires institutions participating in the Cal Grant program to report additional information to the Commission, including: license examination passage rates, latest three-year cohort default rate, percentage of undergraduate student borrowers of federal student loans, and other information related to student-loan-debt including average

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cumulative principal borrowed by students. Community colleges would be exempt from this particular requirement, and UC and CSU could alternatively comply by including the student-loan-debt information in their final annual financial aid reports and providing those reports to the Commission. This bill would also require private postsecondary institutions subject to regulation by the Bureau of Private Postsecondary Education to report similar information for borrowing from federal student loan programs, and provide that information on their school performance fact sheets.

- **Agency Fiscal/Programmatic Impact** – Moderate (IT and programmatic costs)
- **Alignment with Policy Principles** – 2, 3
- **Staff Recommendation** - Support
- **SPPC Committee Position** – Support

4. Trailer Bill Language

- **Introduced** : Concept in Governor's Budget Proposal
- **Summary**: This proposal seeks to allow Cal Grant recipients who were previously denied a Cal Grant renewal award for financial reasons (such as their income rose above eligibility levels) to reapply for the program no more than three academic years after receiving their initial award.
- **Agency Fiscal/Programmatic Impact** – Moderate
- **Alignment with Policy Principles** – 1
- **Staff Recommendation** - Support
- **SPPC Committee Position** – Support

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Other bills of interest (No attachment):

1. AB 1538 Eggman (*Full analysis pending*)

- **Location:** Assembly Higher Education Committee
- **Summary:** Provides that if an otherwise qualifying institution has a default rate that exceeds the statutory threshold for Cal Grant eligibility, this bill would deem the institution eligible if the Student Aid Commission certifies that the institution satisfies specified conditions.
- **Agency Fiscal/Programmatic Impact** – Minor
- **Alignment with Policy Principles** – 1.1, 2
- **Staff Recommendation** - Pending
- **SPPC Committee Position** – None

2. AB 1677- Gomez (*Full analysis pending*)

- **Location:** Assembly Higher Education Committee
- **Summary:** This bill would establish a loan assumption program for employees of eligible public facilities, as defined to include state hospitals, state veterans' homes, members of the California Association of Public Hospitals and Health Systems, and California facilities administered by the federal Veterans Health Administration. This program would provide loan assumption benefits to persons who fulfill agreements to work full time for 4 consecutive years as clinical registered nurses
- **Agency Fiscal/Programmatic Impact** – Moderate
- **Alignment with Policy Principles** – 1.1, 2
- **Staff Recommendation** – Pending
- **SPPC Committee Position** – Comment from Commissioner Scott focused on ensuring that this bill included language that ensured program participants responsibility.

3. AB 1976 - Quirk-Silva (*Full analysis pending*)

- **Location:** Assembly Higher Education Committee
- **Summary:** This bill would increase the number of Competitive Cal Grants from 22,500 to 50,000. Issues: Multiple bills seek to reform Cal Grant amounts, processes, administration.
- **Staff Recommendation:** Support when budget funds available
- **Note:** *Author is requesting to include language in budget trailer bill.*
- **SPPC Committee Position** – Support

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4. AB 1781 – Linder (*Full analysis pending*)

- Location: Assembly Higher Education Committee
- Summary: Under existing law, a qualified member, as defined, of the California National Guard and State Military Reserve is eligible to receive financial assistance under the program if, among other conditions, the person enrolls in at least 3 academic units per semester, or the equivalent thereof.
- This bill would revise this eligibility condition to specify that it is satisfied by a person enrolling in at least 3 academic units for a summer session or intersession term.
- **Staff Recommendation/Comments:** Concerns about the bill include issues related to:
 - (1) Program integrity – Program created for soldiers to complete degrees and certificates not simply to take one or two classes of interest.
 - (2) Academic Advising – Changes in the use of financial aid as it relates to an academic program should be made in consultation with a college academic advisor.
 - (3) Funding – California National Guard is concerned that potential excess funds will be returned to the General Fund as opposed to being reinvested in the program.
- **SPPC Committee Position** – None

5. AB 1862 – Melendez (*Full analysis pending*)

- Location: Assembly Higher Education Committee
- Summary: Deletes the July 1, 2019 sunset and extends indefinitely the California National Guard Education Assistance Award Program. The program provides financial aid to qualifying members of the California National Guard, the State Military Reserve, and the Naval Militia, under the administration of the commission.
- **Staff Recommendation:** Pending
- **SPPC Committee Position** – None

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New Bills (Recently introduced)

1. **AB 1927 – Frazier – Debit Cards (Model Policies, plus)**

- **Location:** Double referred to Assembly Higher Education Committee and Business and Finance Committee
- **Summary:** Requires the Board of Governors of the California Community Colleges and the Trustees of the California State University, and requests the Regents of the University of California and the governing bodies of accredited private nonprofit and for-profit postsecondary educational institutions, to adopt policies to be used for negotiating contracts between their postsecondary educational institutions and banks and other financial institutions to disburse a student's financial aid award and other refunds onto a debit card, prepaid card, or preloaded card that best serves the needs of the students.
 - Requires the policies (1) prohibit the sale of private information that the student or the postsecondary educational institution provides the bank or other financial institution (2) prohibit the debit card, prepaid card, or preloaded card use from imposing fees; (3) prohibit the card from being cobranded; (4) ensure that a student does not incur any cost in opening the account or initially receiving the card; and (5) not market or portray the account or card as a credit card or credit instrument, or subsequently convert the card to a credit card or credit instrument.

2. **SB 845 – Correa - Debit Cards (Model Contracts) 2yr.**

- **Location:** Senate Banking and Financial Institutions Committee
- **Summary:** Requires the California Community College Board of Governors and the California State University Trustees, and requests the Regents of the University of California and the governing body of an accredited private postsecondary educational institution, to develop one or more model contracts for use by their respective systems for the disbursement of student financial aid onto debit cards, prepaid cards or other preloaded cards issued by a financial institution, as specified.
- **Disposition:** Do Pass (9-0) from Senate Education (3/26/14) , Referred to Banking and Financial Institutions
- **Staff Recommendation:** Support
- **SPPC Committee Position** – Support – 2-year bill

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3. SB 1028 – Jackson

- **Location:** Senate Education Committee
- **Summary:**
 - Changes Cal Grant C to require the number of awards made each year to be at least the same number of awards made for the 2000–01 fiscal year and would require, *if sufficient funds are available*,
 - Requires the amount awarded to be not less than \$3,009, and not more than \$5,000, per award.
 - Reserves 2,500 awards for the California’s long-term unemployed with conditions:
 - *The bill would provide that if, for a given year, there are less than 2,500 long-term unemployed applicants, the balance of the awards would be awarded as specified*
 - Authorizes the award to be expended for the student’s living expenses.
 - Requires the Commission, in consultation with specified entities, for purposes of the Cal Grant C program, to prioritize occupational training programs and industry clusters.
 - Requires the Commission to consult with specified public entities to develop a plan to publicize the grant award program to the *for California’s long-term unemployed to be used by those specified public entities when they come into contact with members of the population who are likely to be eligible for the award, and would require the commission to develop a plan to make students receiving awards aware of job search and placement services available through specified public entities.*
 - *Because a local workforce investment board would be required to use the plan to publicize the grant award program for the long-term unemployed, imposes a state-mandated local program.*
 - Requires the Commission, instead of the Legislative Analyst’s Office, to submit to the Legislature the above-described reports and would require the reports to provide information separately on the awards reserved for the long-term unemployed.

4. SB 1149 Galgiani

- **Summary:** Under the program, until July 1, 2013, an institution otherwise ineligible for initial and renewal Cal Grant awards for specified reasons was eligible for renewal Cal Grant awards, reduced as specified, for recipients who were enrolled in the institution during the academic year before the academic year for which the institution is ineligible and who chose to renew their Cal Grant awards to attend the institution. This bill would make a recipient again eligible to renew a Cal Grant award, without reduction, if the student was enrolled in an institution ineligible for one of these reasons during the last academic year before the institution became ineligible.

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5. SB 1264 – Pavley

- **Summary:** Amends the definition of “eligible school” in the existing APLE loan assumption program to mean, among other things, a school that is ranked in the lowest 3 deciles on the Academic Performance Index (API). Current law defines “eligible school” as a school that is ranked in the lowest 2 deciles on the API.

6. AB 1956 – Bonilla (Scholarshare)

- **Summary:** Allows a refundable credit in the amount of 20% of the monetary contributions made to a qualified tuition plan account, as defined, by a qualified taxpayer, as defined, not to exceed \$500 per return. This bill would provide for the payment of credit amount in excess of tax liability upon on appropriation for that purpose.