

Exhibit 10

Information Item

Update on state and federal legislation and issues affecting Commission programs

The following report is an update regarding state and federal legislation affecting Commission programs.

Additional information, including expanded policy, program and budget analysis will be provided during the staff presentation at the Legislative, Audit and Budget Committee.

Item 10.1 is a bill-tracking matrix listing bills we are currently tracking. There is only one bill, AB 1449, currently on the matrix. We are currently analyzing the bill and will have a recommendation on a position at the meeting.

We are anticipating that a number of bills affecting financial aid will be introduced by the February 19 deadline.

Item 10.2 provides the description of bills on the bill-tracking matrix.

Finally, Item 10.3 provides an update on federal legislation affecting Commission programs.

Responsible Person(s): Angelo Williams
Legislative Director

California Student Aid Commission

Session Update

With the commencement of the second year of the 2015-16 legislative session on January 4, 2016, CSAC legislative staff continues to meet with members of the Legislature (Assembly and Senate) and their staff. Additionally, staff continues to provide preliminary data related to policy and fiscal committee requests. Interest in the Cal Grant program is strong especially as it relates to competitive Cal Grants, reform of Cal Grant C, and the Transfer Entitlement program. Last year the competitive Cal Grant was increased by 3,250 awards-the first increase in over a decade. To date, there are at least four draft legislative proposals seeking to increase the competitive Cal Grant award amount. As we move closer to the bill deadline we will continue to provide updates on those proposals.

Legislation

Several two year bills have been heard and passed out their first policy committee including:

SB 66 (Leyva) – SB 66 among other provisions, aligns performance accountability outcome measures for the Economic and Workforce Development program with the outcome measures for the federal Workforce Innovation and Opportunity Act, and authorizes the Department of Consumer Affairs to make specified licensure information available to the California Community Colleges (CCC) Chancellor's Office for purposes of evaluating outcomes for students who participate in CCC career technical education programs. As it relates to financial aid, SB 66 would increase the maximum Cal Grant C award to \$2,462 for tuition and fees and \$3,000 for access costs.

Senate Education staff recommended and Senator Leyva agreed to amend the section regarding Cal Grant C out of the bill. The Committee requested greater clarity regarding the Cal C portion of the bill and suggested a stakeholder's working group. Representatives from the Chancellors Office (sponsors of the bill) agreed to host a working group meeting and invited CSAC to participate. SB 66 passed out of the Senate Education Committee.

AB 1449 (Lopez) – AB 1449 would allow students who have not earned a high school diploma or GED and were California residents at the time of their 18th birthday to be eligible for the Transfer Entitlement Grant. Passed out of the Assembly Higher Education and headed to the Appropriations Committee. CSAC staff continue to work on the formal analysis of AB 1449. An initial cost analysis that was provided to the Assembly Appropriations Committee is included below:

CSAC staff have identified 319 students who were denied the transfer entitlement based on the high school graduation requirement. The Assembly Appropriations Committee has assigned an initial year cost of approximately \$ 2million, and \$4 million in future years.

Additional Notes (Proposals in Progress)

1. Strong indications suggest that Assembly Higher Education Chair, Jose Medina will reintroduce legislation to assist students affected by the closure of the Heald Colleges. Last year the Commission took a support position on AB 573 (Medina), legislation that would, in part, renew the Cal Grant eligibility of selected students that attended Heald. The Governor vetoed AB 573. Included below is a portion of the veto message:

California Student Aid Commission

While the bill's provisions to extend Cal Grant eligibility for Heald students are well-intentioned, I am not comfortable creating new General Fund costs outside of the budget process, particularly given the Cal Grant augmentations already included in this year's budget. For these reasons, I am returning this bill without my signature.

2. The following proposals are continuing to be discussed by legislative staff and advocates. These items have no formal proposal or bill language to date. They are included here to make you aware of possible legislation in several areas including:
 - a. 3 year degree proposal (University of California)
 - b. SB 850 clean up legislation giving clear authority to CSAC to disperse Cal Grant A awards to students participating in the California Community College Baccalaureate Degree Pilot Program.
 - c. Increase in the Competitive Cal Grant Award (Multiple possible authors)
 - d. Align the Chafee Award with the Cal Grant. Specifically, the proposal by the John Burton Foundation seeks to transform the Chafee into an entitlement program and apply both cohort default and graduation rate reforms to the program.
 - e. Increase Cal Grant C award amounts.
 - f. Expand the number to the seats on the Commission to include two new student representatives (Student Senate for the California Community College.)

Meetings

Legislative staff accompanied Chair Geiogue and Executive Director Lupita Alcala on individual meetings with Senate Education Chair, Carol Liu, Assembly Higher Education Chair, Jose Medina, Assembly Budget Subcommittee Chair, Kevin McCarty, Senate Budget Subcommittee Chair, Marty Block and Governor Brown's Higher Education staffers Lark Park and Amy Costa. Additional meetings with Senate and Assembly leadership have been scheduled.

Finally CSAC legislative staff continue to prepare its annual report on legislation for Commission support in the second year of the 2015-16 legislative session. The statutory deadline for bills to be introduced is February 19, 2016. Between now and then we expect to receive more information concerning proposals and possibly some legislation that has been assigned a bill number. An oral update will be provided during the Commission meeting for changes and updates that occur after the publication of this item.

CSAC Bill Status Tracker 2016

	Bill	Author	Subject	First House				Second House				Gov Sig	CSAC Position	Status	Hearing Date / Outcome
				Policy Com	Fiscal Com	Floor	Rules	Policy Com	Fiscal Com	Floor	Concurrence				
Active Bills	AB 1449	Lopez	Remove HS Grad Req't from Transfer Entitlement	X	X	X	X						Pending	Passed Assembly - To Senate	
Inactive Bills															

- Hearing Scheduled
- Passed Committee
- Held
- Gutted
- Suspense
- Enrolled / Enacted
- Budget Bill
- Vetoed

CSAC February Legislative Update

Session Update

The second year of the 2015-16 legislative session is in progress, and legislation returning from 2015 (2-year bills) are being dispensed with first. The deadline for policy committees to hear and pass bills introduced last year was January 15th, and one bill affecting CSAC operations (AB 1449, Lopez) made it through the Assembly. As the focus shifts to new bills, we expect a more robust legislative package to develop.

Active Legislation

- **AB 1449 (Lopez): Student Financial Aid: Community College: Cal Grant:** Removes the requirement that recipients of the Transfer Entitlement have graduate from a California high school. Instead, recipients would be required to have been a California resident at the time of their 18th birthday. In 2014-15, 319 students were denied the Transfer Entitlement specifically for failing to meet this requirement. Assembly Appropriations has assigned a cost of approximately \$2 million in the initial year, and \$4 million in years thereafter.

Federal Legislation Impacting State Financial Aid

Dreamers

S.60: Eligibility for Postsecondary Education Benefits

This bill would prevent public institutions from offering in-state tuition to undocumented immigrants unless it was offered to all Americans.

Status: Introduced

Impact: This bill could increase the cost of attendance for Dreamers, and AB540 students who are undocumented, widening the financial gap between the cost of attendance and available aid.

H.R. 1507: Investing in States to Achieve Tuition Equality for Dreamers Act

This bill directs the Secretary of Education to provide grants to states who offer in-state tuition to Dreamers to enhance access and financial aid.

Status: Introduced

Impact: Because California offers in-state tuition to Dreamers, this bill could provide a mechanism to address the funding gap that Dreamers face due to ineligibility for federal financial aid.

HR 1959: College Options for DREAMers Act

This bill would remove the restriction that prevents Dreamers from accessing federal financial aid.

Status: Introduced

Impact: This bill would eliminate the funding gap that Dreamers face due to their inability to access federal financial aid.

Pell

HR 1958: Year-Round Pell Grant Restoration Act

This bill would restore the year-round availability of Pell Grants so that students can use their financial aid during sessions not currently covered.

Status: Introduced

Impact: This bill could reduce student borrowing which results from students taking classes during sessions which are not covered under the current Pell Grant guidelines. This could have long term impacts on CSAC loan repayment programs if students are able to cover costs of programs like teacher credentialing using grant funds.