

**Information/Action Item*****California Student Aid Commission*****Consideration of the new Cal Grant Institutional Participation Agreement (IPA)  
for 2012-2016 (2<sup>nd</sup> reading)**

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Cal Grant law requires an institutional participation agreement (IPA) between the California Student Aid Commission (Commission) and each Cal Grant institution. Commission staff began the process of crafting a new 2012-16 IPA last summer, because the current IPA expires on June 30, 2012.

After our own internal review, we asked Cal Grant institutions for suggestions for improvements to the current IPA and incorporated those suggestions into an initial draft of a new IPA, which we distributed for review by segmental representatives, the interested public and the financial aid community. We held teleconferences individually with segmental representatives, in-person meetings and webinars in which over 225 people participated, representing institutions, segments and high schools. A Special Alert communication was released on April 2, 2012, which requested institutions to provide their input to the final draft of the IPA. An email message was also sent to the segmental representatives and financial aid organizations.

We received over 100 comments to the initial draft of the new IPA and incorporated many of them into a second draft, which we distributed for review and comment in late December of last year. We received over 100 additional comments on this second draft, many of which we incorporated because we believe they strengthen a number of operational processes as well as provide procedural clarification. On April 12, 2012, we received nearly thirty (30) comments and suggested changes to the final draft of the IPA from the California Association of Student Financial Aid Administrators (CASFAA), California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA), University of Phoenix, Devry University, and Carrington College California.

The Commission reviewed and discussed the second draft of the new IPA, with the incorporated changes from the additional comments, at its January 26, 2011 meeting. At that time, we presented the comments and suggestions that had not yet been finally resolved. Institutions were also provided an opportunity to provide remarks regarding the IPA at this meeting as well and none were received.

The final draft is being presented at the April 27, 2012, Commission Meeting, along with the comments and recommendations received from the financial aid community.

As we previously reported, the extensive feedback primarily addressed procedural clarification and operational processes and we incorporated over 70 percent of those recommendations into the final draft which you have before you today. We carefully considered each comment for its impact on students and institutions while ensuring compliance with the law and sensitivity to how the changes might affect institutional resources.

One concern that we do want to point out is that CASFAA, CCCSFAAA and some institutions have raised concern about the consultation process regarding the Senate Bill 70 reporting requirements and the need to sign the IPA prior to knowing the outcome of the reporting requirements. The regulatory process will soon begin and institutions and the general public will be offered the opportunity to provide their comments and concerns through this process. In addition, the IPA allows institutions to opt out of the Cal Grant program at any time (Article VIII A.6.) if they choose to do so for any reason.

In summary, we have observed that the multiple methods we have used to consult (i.e., webinars, teleconferences, Special Alerts, website posting) were not only effective and efficient, but also expanded participation both in the range and number of participants in the consultation process. We look forward to similar consultation in the future.

We are prepared to discuss any IPA issues with you during the meeting. We recommend that the Commission approve and adopt the proposed 2012-16 Cal Grant IPA for its implementation on July 1, 2012.

***Recommended Action:*** Approve and adopt the 2012-16 IPA.

***Responsible Person(s):*** Catalina Mistler, Division Chief  
Program Administration & Services Division

Gloria Falcon, Manager  
Program Policy & Development Branch  
and Specialized Programs Branch



**CAL GRANT PROGRAM  
INSTITUTIONAL PARTICIPATION AGREEMENT  
for  
2012-16**

Name of Institution: \_\_\_\_\_

Address of Institution: \_\_\_\_\_

Office of Postsecondary Education  
Identification (OPE ID) Number: \_\_\_\_\_

If using US Postal Service, please return to:  
California Student Aid Commission  
Program Administration & Services Division  
ATTN: IPA Renewal  
P.O. Box 419028  
Rancho Cordova, CA 95741-9028

If using another delivery service, return to:  
California Student Aid Commission  
Program Administration & Services Division  
ATTN: IPA Renewal  
10834 International Drive  
Rancho Cordova, CA 95670

Execution of this Agreement is mandatory for participation in the  
California Student Aid Commission's Cal Grant Programs.

**FINAL DRAFT March 30 & April 27, 2012**

## **ARTICLE I - Cal Grant Program Administration - Participation**

The California Student Aid Commission (“Commission”) and \_\_\_\_\_, hereafter referred to as the “Institution,” agree to the terms contained in this Institutional Participation Agreement (Agreement).

This Agreement governs the terms and conditions of the Institution’s eligibility to participate in the Cal Grant Programs. An Institution’s failure to comply with the administrative, fiscal and information security responsibilities set forth in this Agreement may result in the termination of the Institution’s Agreement.

This Agreement applies only to campus(es) indicated on this Agreement as listed in Article IX. A new Agreement is required for the addition of any added campus(es).

This Agreement shall terminate and the Institution’s participation in the Cal Grant Program shall end on the date of any shift in control or change of ownership as defined in Article VIII. If the new controlling party or new owner wishes to continue Cal Grant participation, a new Agreement must be completed and executed.

In the event of any inconsistency between any of the provisions of this Agreement and applicable federal or state law or regulation, the law or regulation shall prevail over the conflicting provision and the remaining provisions of this Agreement shall remain in full force and effect.

## **ARTICLE II - Cal Grant Program Administration - General Provisions**

- A. The Institution understands and certifies that it is a qualifying institution as set forth in California Education Code (CEC) 69432.7(l)(1) and that it shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution. The Institution shall immediately notify the Commission whenever it fails to meet the minimum qualifications for participation as set forth in CEC 69432.7(l).
- B. The Institution agrees to maintain standards of administrative capability and financial stability in accordance with federal and state law and regulations. Refer to the Cal Grant procedure handbook.
- C. The Institution agrees to use and retain program and fiscal records (refer to *Appendix A: Program and Fiscal Records*) that demonstrate Institutional and student eligibility, and that document the accuracy of the grant payments reported and the right of the Institution to receive or retain payments made by the Commission. The Institution shall retain these records for a period of three (3) years following the last day of the academic year for which the grant was intended or until outstanding audits are resolved.
- D. The Institution shall maintain written policies and procedures governing the administration and processing of Cal Grant funds under this Agreement.

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- E. The Institution agrees to use Cal Grant funds transferred to it solely for the purposes specified, and in accordance with the provisions set forth in the respective program statutes, federal and state regulations and procedures, the Cal Grant Programs procedure handbook including handbook updates, Grant Operations Memos (GOM), Grant Special Alerts (GSA), Grant Policy Bulletins (GPB), and this Agreement.
- F. The Institution acknowledges that no Cal Grant funds are authorized for a fiscal year until such time as that fiscal year's budget has been adopted by the Legislature and signed by the Governor. It is further understood that if such funds are not approved for a fiscal year, the State and the Commission shall be relieved of further payments and this Agreement will be canceled; if proposed funding amounts are reduced, this Agreement is limited to the approved amounts only.
- G. The Institution agrees to maintain a current designation of individuals who are responsible for coordinating and communicating with the Commission on matters related to the provisions of this Agreement.
- H. The Institution agrees to make available at the time of program compliance review, or at any time at the request of the Commission staff, any records and personnel related to the administration of the Commission's Cal Grant Program.
- I. The Institution agrees that it is subject to and must comply with all current and applicable federal and state law and regulations in its implementation of the terms of this Agreement. The Institution agrees that noncompliance with any of these provisions may result in the termination of this Agreement and the privileges that are afforded under it.
- J. The Institution agrees to inform the Commission of all consortium and contractual agreements between the Institution and any other institution or organization, whether eligible or ineligible for federal student aid, attended by Cal Grant recipients and for which the Institution receives Cal Grant funds. The Institution shall provide the Commission with copies of the consortium and contractual agreements upon request.
- K. As a condition for its voluntary participation in the Cal Grant Program, the Institution shall annually report to the Commission, as specified in regulations adopted by the Commission, both of the following for its undergraduate programs:
  - 1) Enrollment, persistence, and graduation data for all students, including aggregate information on Cal Grant recipients.
  - 2) The job placement rate and salary and wage information for each program that is either:
    - (i.) designed or advertised to lead to a particular type of job; or
    - (ii.) advertised or promoted with any claim regarding job placement.

### **ARTICLE III - Cal Grant Program Administration - Account Maintenance - Institutional Responsibilities**

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- A. The Institution agrees that participation in the administration of the Cal Grant Program is an Institution-wide responsibility. The Institution agrees that student information in the possession of any office or division of the Institution constitutes information in the possession of the Institution. The Institution agrees to manage its participation in the Cal Grant Program, and to coordinate information of Cal Grant funds and Cal Grant recipients, among all offices (i.e. financial aid office, accounting/bursar's office, registrar's office, admissions office, third party servicers, district and county offices, which maintain Cal Grant funds etc.).
- B. The Institution agrees to maintain a current designation of individuals who are responsible for Cal Grant account maintenance through adherence to generally accepted accounting principles (GAAP). The Institution also agrees to maintain a separation of function/duties between individuals who authorize and disburse Cal Grant funds so that no one individual is responsible for both functions.
- C. The Institution agrees to maintain an accounting system that conforms to GAAP that includes such items as, but is not limited to, cash receipts and disbursement journals, bank account reconciliation, evidence of receipt of Cal Grant funds, disbursement of Cal Grant funds to recipients, and all other accounting records necessary to account for all transactions. All Cal Grant funds must be properly recorded and allocated to the appropriate award year for which the funds were advanced and disbursed.
- D. The Institution agrees that all Cal Grant funds, including term advances transferred by the Commission pursuant to CEC 69432.8, constitute State funds, owned by the State, and held in trust for the State, until the funds are withdrawn to be paid as an award for an eligible Cal Grant recipient or as otherwise directed by the Commission.
- 1) Institutions may hold Cal Grant funds in a separate bank account or may commingle Cal Grant funds with funds from other sources, but must identify the Cal Grant funds through a subsidiary ledger.
    - a. Absent a separate bank account, the Institution must ensure that its accounting records clearly reflect that it identifies Cal Grant funds as readily as if those funds were in a separate account; and
    - b. The Institution must identify earnings on Cal Grant funds in the Institution's bank or investment account.

The account in which Cal Grant funds are held must be an interest-bearing account or an investment account at a financial Institution with a presence in California whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC).
  - 2) Annual interest earned on Cal Grant funds constitute State funds and must be remitted to the Commission on behalf of the State no later than March 1 following the calendar year for which the interest accrued (e.g. March 1, 2012, for calendar year 2011).
  - 3) Institutions shall calculate interest on Cal Grant in the same manner used by its financial institution or investment pool. If a negative balance exists as a result of the Institution paying recipients in excess of the Cal Grant funds available for

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- disbursement, the Institution shall not adjust or otherwise offset its Institutional expenses against interest earned on Cal Grant funds.
- 4) The Institution agrees that no bank fees, unearned interest on Institutional funds (i.e. "negative interest"), or other cost shall be deducted nor offset against the interest earned by the advance of State funds for the Cal Grant Program.
  - 5) Institutions have a fiduciary responsibility to ensure that State funds are used only for the benefit of eligible students. Under no circumstances may the Institution use State funds for any other purpose, such as paying operating expenses, collateralizing or otherwise securing a loan, or earning interest or generating revenue in a manner that risks the loss of State funds or subjects State funds to liens or other attachments (such as would be the case with certain overnight investment arrangements or sweeps).
- E. Should the Institution close, lose federal financial aid eligibility, or no longer meet the statutory definition of a qualifying Institution, or upon termination of this Agreement, the Institution agrees to return any undisbursed funds or pay any outstanding invoices immediately and remit any interest earned on those funds.
- F. The Institution shall not request additional State funds from the Commission until the initial term advance funds are disbursed to eligible Cal Grant recipients enrolled in the Institution. Disbursement is considered to have occurred only after the Institution has determined based on all information in the possession of the Institution that the Cal Grant awards have been paid directly to the recipient or been credited to the recipient's account.

### **ARTICLE IV - Cal Grant Program Administration - Disbursement - Institutional Responsibilities**

- A. Institutions with a main campus outside of the State of California agree to identify which of the Institution's California campuses the Cal Grant recipients attend and report this information to the Commission when requested.
- B. Confirmation of Eligibility: Confirm that the recipient meets eligibility and program requirements specified in this Agreement at the time Cal Grant funds are paid to the recipient or the recipient's account using all existing information, including but not limited to Institutional Student Information Record (ISIR), student self-certification and retain affidavit, if applicable, federal verification documentation, in the possession of the Institution. [CEC 69432.7(k)] Resolve and report to the Commission prior to disbursement any conflicting information (pursuant to the most current FSA Handbook and the Blue Book published by USED) that may affect the disbursement of Cal Grant funds, including the following if applicable:
  - 1) The recipient is a U.S. citizen or an eligible non-citizen. [CEC 69433.9(a), or after January 1, 2013, the recipient meets the eligibility requirements specified in CEC 68130.5(a).]

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- 2) In the case of a recipient without lawful immigration status, after January 1, 2013, the Institution must maintain an affidavit executed by the recipient stating that the recipient has filed an application to legalize his or her immigration status or will file an application as soon as he or she is eligible to do so. [CEC 69508.5, 68130.5] For those recipients attending more than one Institution or who transfer between Institutions, each Institution is required to maintain an affidavit in its records.
- 3) The recipient has met U.S. Selective Service requirements. [CEC 69433.9(b)]
- 4) The recipient has a valid Social Security number [CEC 69433.9(a)] or, if the recipient does not have a valid Social Security Number, the recipient meets the eligibility requirements specified in CEC 68130.5(a).
- 5) The recipient is not in default on any Title IV educational loan or does not owe a refund on any Title IV grant (e.g. Federal Pell or Federal SEOG) or any State grant program administered by the Commission. (CEC 69507.5) [CEC 69433.9(d)]
- 6) The recipient is not incarcerated. [CEC 69433.9(c)]
- 7) The recipient meets the California State residency requirements for at least one year as of the residence determination date with the exception of those students eligible under CEC 68130.5.
  - a. The residence determination date may be established by one of the following:
    - i. If the governing board of a public Institution has adopted by regulation or policy, a residence determination date [CEC 68023], that date shall be used for Cal Grant purposes.
    - ii. The first day of instruction of the term for the award year in which the student is enrolled as a Cal Grant recipient shall be the residence determination date for Cal Grant purposes.
    - iii. "In other cases, the residence determination date for Cal Grant purposes shall be either the first day of instruction of the term for the award year in which the student is enrolled as a Cal Grant recipient, or the date the Commission uses to make the preliminary determination of California residency for purpose of offering a Cal Grant."<sup>1</sup>
  - b. Public Institutions shall continue to use the procedures or rules and regulations instituted by their respective governing boards for determining California residency, including resolving conflicting information in the possession of the Institution [CEC 68044].<sup>2</sup>

<sup>1</sup> Institutions shall apply the same residence determination date(s) to all their students uniformly.

<sup>2</sup>CSAC acknowledges the validity of differing residency requirements among the segments of California postsecondary education. Nevertheless, the Commission strongly recommends that in the case of a student who has been determined to be a resident, has received a Cal Grant, and then transfers to another California postsecondary Institution, that Institutions NOT REESTABLISH residency requirements only in relation to the reception of the student's Cal Grant.

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- c. Non-public Institutions may adopt the regulations in 5 CCR 54020 and 54024 or they may develop and document their own policy which is not inconsistent with 5 CCR 54020-54024 and CEC 68060-68062, including the resolution of conflicting information in the possession of the Institution .<sup>2</sup>
- d. Conflicting information may include indicators on the ISIR such as
  - i. Permanent mailing address in a state other than CA
  - ii. Driver's license issued by a state other than CA
  - iii. Student's state of address not CA
  - iv. Date of residence not more than a year prior to residence determination date
  - v. (If minor) parent's state of address not CA,
  - vi. (If minor) parent's date of residence not more than a year prior to residence determination date, or
  - vii. Any other information available at the Institution, which shows inconsistency with a claim of CA residency.
- 8) The recipient meets the requirements set forth in 68130.5(a)(1) and (2), or other similar requirement adopted by the Regents of the University of California for purposes of determining whether a student is exempt from paying nonresident tuition based on their attendance at a California high school, or equivalent thereof. [69508.5]
- 9) The recipient is enrolled in an eligible program or course of study [CEC 69433.5(e)].
- 10) The recipient does not have a bachelor's or professional degree before receiving a Cal Grant (except for post baccalaureate students enrolled in teaching credential programs) [CEC 69433.5(d)(2)].
- 11) The designated recipient's participation in an eligible post-graduate teaching credential or mandatory 5th year program is approved by the Commission [CEC 69433.6(b), 69433.6(c) (1)].
- 12) The enrollment status for each recipient on the grant roster must be as defined in CEC 69432.7
- 13) The new and renewal recipient demonstrates the minimum financial need required for a new or renewal Cal Grant award at the Institution according to federal financial need methodology [CEC 69432.9(b)].
- 14) The recipient with a new or renewal award has family income and assets at/below the published Cal Grant ceilings [CEC 69432.7(k) and 69433.2].
- 15) The recipient is complying with the Institution's federal Title IV satisfactory academic progress policies [CEC 69433.5(a)].

- 16) The California Community College Transfer Entitlement recipient randomly selected for verification pursuant to CEC 69436(d)(3)(B) meets eligibility criteria.

**C. Disbursement of Cal Grant Funds**

- 1) Establish and maintain a written disbursement policy for each educational program, if different from the standard disbursement policy used by the Institution. Each participating Institution must have a published term-by-term calendar identifying the Institution's course "add/drop" and/or financial aid enrollment census dates or the equivalent and must produce the written calendar upon request.
  - a. Disburse Cal Grant funds to eligible recipients within fifteen (15) business days of determination of enrollment status when Cal Grant funds are available in the Institution's account.
  - b. Disburse no more than that which the recipient is eligible to receive per payment period. The award to a half-time or three-quarter-time recipient shall be prorated based on the participant's enrollment status. [CEC 69433.5(b), CEC 69432.7(f)]
  - c. Report payment transactions through WebGrants or data files as early as practicable, but no later than sixty (60) days following the end of the payment period or the final determination of eligibility.
  - d. Report payments within fifteen (15) business days of disbursement but no later than 60 days following the end of the term.
  - e. Any funds disbursed to a recipient in excess of that which the recipient is eligible to receive is considered an overaward. Correct any Cal Grant overawards by adjusting other financial assistance, offsetting subsequent term payments within the same award year, or, if necessary, returning the overage to the Commission. California law does not allow tolerance levels on overawards.
  - f. Make all disbursements and adjustments no later than December 31, following the end of the award year (e.g. December 31, 2012, for award year 2011-12).
  - g. Disburse Cal Grant payments based on the recipient's enrollment status at the time of payment using the Institution's add/drop date, financial aid census date, or its equivalent.
- 2) Establish and maintain a written Institutional Refund Policy which includes the disposition of Cal Grant funds to include the following:
  - a. Cal Grant funds may not be used for reimbursement to the federal government.

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- b. The Institution must return Cal Grant funds to the Commission before refunding any other funding sources other than refunds of federal Title IV program funds required by the Return of federal Title IV funds regulations.
- 3) The Institution must establish and publish a policy that informs Cal Grant B and Cal Grant C recipients of their option to either apply the "Access" or "Books and Supplies" portion to outstanding balances on the student's account or request personal receipt of the funds prior to disbursement.

### D. Reconciliation of Cal Grant Funds

- 1) Establish a written reconciliation policy that details the procedures for reconciling Cal Grant funds received and disbursed by the Institution for each award year.
- 2) Payment Period Reconciliation
  - a) Institutions are required to reconcile payments no later than sixty (60) days after the end of the payment period.
  - b) Reconciliation does not preclude adjustments or payments after that date.
- 3) Final Reconciliation
  - a) All Cal Grant funds must be properly recorded and allocated to the appropriate award year for which the funds were advanced and disbursed.
  - b) Reconcile all award year Cal Grant funds received and disbursed by the Institution no later than December 31 following the award year (e.g. December 31, 2012, for the 2011-12 award year) or an earlier final processing date in December as authorized by the Commission. The Institution must report adjusted payment transactions for payment transactions previously reported in error.
  - c) The final reconciliation of Cal Grant Program expenditures is to be on a student-by-student basis for the payment period and award year.
  - d) Upon final award year reconciliation by the Institution, the Institution may, at any time prior to invoicing, repay any Cal Grant funds in excess of the reconciled amount to the Commission.
  - e) Upon final reconciliation by the Commission, if the Institution has any outstanding balances, the Institution shall be invoiced for those funds. The invoice shall be due and payable to the Commission within 30 days of the invoice date. The Institution agrees to resolve any reconciliation discrepancies with the Commission.
  - f) Any excess or undisbursed Cal Grant funds must be returned to the Commission upon final reconciliation or invoicing of the award year.

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- g) Cal Grant awards must be disbursed for the fiscal year appropriated based on the budget act of that fiscal year. Therefore, excess funds must be returned to the Commission.
  - h) Agree to pay any Institutional liability that is determined as a result of a program compliance review within the time specified in the program review report.
  - i) Liability to the Commission for the Institution's actions or omissions under this Agreement shall not exceed the actual amount of Cal Grant funds that the Institution is not entitled to retain.
  - j) Failure by the Institution to take action on Cal Grant funds that the Institution is ineligible to retain, after all appeals are exhausted or settled, may constitute noncompliance and may result in the termination of this Agreement thereby terminating the Institution's participation in the Cal Grant Programs.
- E. Submit annual College Cost Estimate forms to the Commission by the deadline specified.

### **ARTICLE V - Cal Grant Program Administration - Commission's Responsibilities**

- A. Maintain the Grant Delivery System (GDS).
- B. Maintain WebGrants.
- C. Maintain WebGrants for Students.
- D. Make a preliminary determination of an applicant's eligibility for Commission-administered grant programs by evaluating his or her financial information and program specific data as provided on the Free Application for Federal Student Aid (FAFSA) or Institutional Student Information Record (ISIR), the verified Grade Point Average (GPA), and any other selection criteria and forms used to determine Cal Grant program eligibility.
- E. Act as the central repository of high school graduation confirmation received from a variety of sources, placing all new high school Entitlement participants on hold until receipt of confirmation that the student is, in fact, a high school graduate or the equivalent. (This does not absolve Institutions of the requirement under Article IV, B to resolve conflicting information.)
- F. Make a preliminary determination that Community College Transfer Entitlement Award recipients are residents of California at the time of high school graduation or its equivalent through use of a student self-certification under penalty of perjury [CEC 69436(d)(3)(A)].
- G. Provide the Institution with information, training and ongoing assistance with respect to the Institution's participation in the administration of the Cal Grant Program, and consult with the financial aid community on a regular basis or as needed.

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- H. Develop forms, publications, and training curriculum for use in administering the Cal Grant Program. The Commission will consult with students, parents, high school counselors, financial aid administrators, and other stakeholders on a regular basis or as needed.
- I. Generate and provide electronic data files and Grant Rosters to the Institution of potentially eligible recipients that include names, unique identifiers and payment amounts.
- J. Provide the Institution with procedures for completing payment transactions.
- K. Notify the Institution of accepted and rejected payment transactions.
- L. Reconcile accepted payment transactions.
- M. Provide the State Controller's Office with the documentation needed to issue Electronic Funds Transfer (EFT) or mail warrants for payment to the Institution.
- N. Provide the Institution with regularly updated electronic data and Grant Rosters identifying reconciled payments.
- O. Invoice the Institution for funds due the Commission as a result of the final reconciliation process and notify the Institution if funds will be withheld pending the return of delinquent repayments.
- P. Notify and instruct the Institution of any Cal Grant Program changes due to statute and/or procedure through Grant Operations Memos, Grant Special Alerts, and Grant Policy Bulletins.
- Q. Perform program review of the Institution's management of Cal Grant funds for compliance with federal and state law and regulations and this Agreement.
- R. Certify by October 1 of each year the Institution's latest three-year cohort default rate as most recently reported by the U.S. Department of Education. [CEC 69432.7(l)(3)]
- S. Notify the Institution that does not meet the requirement found in California Education Code 69432.7 that future Cal Grant advances will cease and that awards to returning renewal students will be through the supplemental payment process.
- T. Develop and maintain a procedure handbook that will guide financial aid staff in the administration of the Cal Grant Program. Updates of the handbook will occur on a regular basis or as needed.

### **ARTICLE VI - Cal Grant Program Administration - Information Security**

The Information Security components of this Agreement are to control access to the Commission's information processing facilities and data by the Institution, as well as require (per Federal Trade Commission Safeguards Rule) certain levels of Information Security and privacy compliance for Institutions that access, retrieve, store, use, modify, or delete Commission data. For purposes of this Agreement, all non-public personal information, Personally Identifying Information (PII) and financial information shall be identified as "confidential information".

**Information Security - Institutional Responsibilities**

The Institution will comply with all applicable federal, state, and local information security, confidentiality and privacy laws and regulations, Commission policies and requirements pertaining to the proper access, creation, modification, handling, storage, transfer, transmission, dissemination, sharing or destruction of confidential information maintained on the Commission’s Grant Delivery System (GDS) WebGrants system and/or pertaining to the Commission, its programs, and its program applicants and/or recipients.

The Institution will additionally abide by the following requirements as a condition of access to the Commission’s data and network. The Commission reserves the right to monitor or revoke access to the Commission’s network and data to the Institution or individual staff member(s).

**Institution’s Administrative Authorization for Access and Roles/Responsibilities**

- A. The Institution will maintain a historical record that identifies to the Commission or its representative, the identification of the individual(s) with access the Commission’s network or who creates or updates GDS WebGrants transactions with the Commission’s data for three (3) years following the last day of the award year.
- B. The Institution will designate a single individual as the Authorized Official (AO), who will then designate a maximum of two other individuals as the Institution’s System Administrator(s) (SA).
- C. The Institution’s AO will grant authority to the Institution’s SA(s) to create or disable individual user accounts for that Institution’s staff to access the Commission’s network and data. The AO will not have SA authority or responsibility.
- D. The AO and SA(s) will be required to submit an accurate and complete “Information Security and Confidentiality Agreement” and “System Administrator’s Access Request Form” to the Commission before access to the Commission’s network and data is granted. If the AO and SA(s) are different at each Institution location (campus), separate “Confidentiality Agreement” and “System Administrator’s Access Request Form(s)” must be completed and sent to the Commission. Copies of this documentation shall also remain at the Institution.
- E. The “Information Security and Confidentiality Agreement” and “System Administrator’s Access Request Form” must be renewed annually. All users including the AO and SA will lose access to the Commission’s network and data if the Institution does not submit the renewal forms by June 30.
- F. Any change in the designation of the Institution’s AO or SA(s) will require that a new “Information Security and Confidentiality Agreement” as well as new copies of the “System Administrator’s Access Request Form” be sent to the Commission immediately. Copies of this documentation of this shall also remain at the Institution.
- G. The Institution’s SA(s) will immediately disable the password and ID of any employee or agent of the Institution whose change in employment status or duties no longer requires access to the Commission’s network or data. Copies of this documentation shall remain at the Institution.

- H. The Institution's SA(s) will ensure that all Institution employees or agents that require WebGrants (GDS) access will sign a "Grant Delivery System (GDS) WebGrants User Access Request Form", prior to being granted access to the WebGrants System. Such access will be granted for a period of time not to exceed one (1) year, and shall be renewed upon completion of either an annual Commission-supplied or Institutional-supplied training in areas of information security, privacy and confidentiality. Copies of this documentation shall remain at the Institution.

**Essential Practices in Promoting and Implementing Information Security**

- A. Passwords and user identification numbers (IDs) are to be treated as confidential information. Employees or agents of the Institution shall not share passwords and IDs. Passwords will be changed on a regular basis, as required by the Commission.
- B. Confidential Commission data or assets that are no longer required for use by the Institution, are not required for the Commission to conduct compliance reviews or are determined by the Commission to be subject to return or destruction, shall be returned or destroyed in a secure manner, ensuring that no reconstruction or derivation of the data, media or materials is possible according to the California Civil Code Section 1798 et seq; Government Code Section 6250 et seq. and the State Accounting Manual (SAM) Chapter 5300.
- C. The Institution shall establish training programs and acceptable use policies for Institution employees regarding information security, privacy and confidentiality to include Commission data.
- D. The Institution will establish and enforce policies to ensure that Commission data and WebGrants access are conducted from secured systems on-site within the Institution, or via secure networks from offsite locations. Offsite locations shall have encrypted hard drives and storage devices and shall not provide a bridging capability from unsecured networks into Commission networks. Offsite access to WebGrants must be accessed through equipment authorized, owned, and managed by the Institution.
- E. The Institution will notify the Commission immediately of any security, integrity or confidentiality incident(s) involving Commission data or network exposure by contacting the Commission's ITS Help Desk at 1-888-294-0148. Such incidents may include, but are not limited to unauthorized or accidental modification, destruction, disclosure, loss, or access to automated files and databases, as well as incidents involving loss, damage or misuse of information assets. Such incidents shall be followed up with a written report of the incident, signed by the AO and the Institution's Chief Executive Officer and submitted to the Commission's Information Security Officer (ISO) within ten (10) business days after the Institution's awareness of the incident.
- F. No Commission data or assets shall be transferred to or shared by the Institution with any third party without express written permission by the Commission's ISO. Verification of individual data with the respective individual or their lawfully designated agent(s) is permissible.

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- G. To the extent authorized by law the Institution will accept liability for any direct or consequential damages to the Commission, its network or data, caused by the negligence or intentional misconduct of itself, its employees or agents.
- H. The Institution will ensure that information transmitted electronically or otherwise to the Commission has been examined and is complete and accurate to the best of its knowledge.
- I. No unencrypted email containing confidential data shall be sent to the Commission.
- J. All storage media or electronically transferred correspondence sent between the Institution and the Commission containing confidential data must be encrypted or transferred via an encrypted communications session. Passwords, decryption devices, or decryption methods required to access the data must be sent separately via a different communications method.

### **Information Security – Commission’s Responsibilities**

The Commission will comply with all applicable federal, state and local information security, confidentiality and privacy laws, regulations, Commission policies and requirements pertaining to the proper access, creation, modification, handling, storage, transfer, transmission, dissemination, sharing or destruction of confidential information pertaining to the Institution.

- A. Account changes submitted by the Institution will be reviewed, acknowledged and incorporated within three (3) business days.
- B. The Commission shall require that passwords be changed on a regular basis.
- C. The Commission shall issue periodic communications to address Information Security concerns.
- D. The Commission will ensure that information transmitted electronically or otherwise to the Institution has been examined and is complete and accurate to the best of its knowledge.
- E. No faxes or unencrypted email containing confidential data shall be sent to the Institution.
- F. All correspondence transferred electronically or on storage media between the Commission and the Institution, containing confidential data must be encrypted or transferred via an encrypted communications session. Passwords, decryption devices, or decryption methods required to access the data must be sent separately via a different communications method.
- G. The Commission will periodically audit the security-related records of the Commission and the Institution to ensure that proper levels of access to the Commission’s data and networks by proper individual(s) identified by the Institution are correct, current and complete.

**ARTICLE VII - Corrective Measures**

- A. If the Commission determines, whether through a program compliance review or other inquiry, that an Institution has failed to substantially comply with its obligations under this Agreement, the Commission may take action to implement corrective measures in an attempt to bring the Institution into compliance with this Agreement. Corrective measures which may be implemented include, but are not limited to:
- 1) The Commission may require that the Institution implement policy or procedural changes to ensure appropriate administration of the Cal Grant Program and protection of State funds.
  - 2) The Commission may require that the Institution participate in and complete training related to areas of noncompliance.
  - 3) The Institution may be required to submit documentation, such as account ledgers, within two weeks of disbursement to confirm that each student has received, or the student has account been credited, with disbursed Cal Grant funds.
  - 4) The Commission may withhold processing of future payment transactions for the Institution until the Institution corrects the underlying finding or issue, which necessitated the corrective measure.
  - 5) The Commission may withhold or stop term advances to the Institution for future terms or academic years.
  - 6) The Commission may terminate an Institution's Agreement and thereby terminate the Institutions participation in the Cal Grant Programs.
- B. The Commission will provide the Institution written notice of its intent to impose one of these corrective measures thirty (30) calendar days prior to implementation of such action, unless the egregious nature of the violation of the Agreement warrants that the Commission take immediate action to protect State funds. In that case, the Commission may take immediate action to stop any further transfer of State funds to the Institution during the pendency of any appeal by the Institution.
- C. The Institution shall be permitted to submit, and the Commission shall consider, a response to such notice, including any legal and factual reasons why such corrective measure should not be imposed. Such response shall be submitted within fifteen (15) calendar days of receipt of Commission's written notice of its intent to impose such measure. The Commission has thirty (30) calendar days to consider the Institution's response to the notice. The Institution will be informed of the date, time and location of the public meeting at which the Commission will discuss the Institution's response and the Commission's decision thereon. The Institution will be provided with an opportunity to address the Commission.
- D. Within five (5) business days following the meeting, the Commission will issue, in writing, to the Institution its final decision on the matter.

**ARTICLE VIII - Agreement Duration**

This Agreement is effective when it is executed by the Commission's representative. This is generally later than its execution by the Institution's representative. It supersedes any prior Agreements executed between the Commission and the Institution.

A. The Agreement automatically terminates with any of the following occurrences.

- 1) The Institution closes or stops providing eligible educational programs.
- 2) The Institution's federal Program Participation Agreement is terminated.
- 3) The Institution's accrediting agency has withdrawn its approval.
- 4) The Institution undergoes a change which results in one of the following:
  - i. a shift in control,
  - ii. change of ownership,
  - iii. or any other significant change in the control of the Institution (excluding change of Chancellor, Chief Executive Officer, or President).
- 5) The Institution or additional location no longer possesses all of the requirements for a qualifying Institution.
- 6) The Institution's Chief Executive Officer requests termination of this Agreement in writing.
- 7) June 30, 2016.

B. The Commission's representative may terminate this Agreement in writing for the following occurrences.

- 1) The Institution does not demonstrate that they can provide adequate administration of the Cal Grant Program(s).
- 2) The Institution does not demonstrate financial stability.
- 3) The Institution has not returned Cal Grant funds addressed in either a Cal Grant Institution review or any outstanding invoices within the required period.
- 4) The Institution fails to meet the definition of a qualifying Institution. [CEC 694737(l)]
- 5) The Institution fails to comply with the terms of this Agreement.





**FOR ALL INSTITUTIONS**

Please indicate which of the following section(s) establish your Institution’s eligibility to participate in the Cal Grant Programs. Many Institutions’ eligibility is established through Section 69432.7(l) of the CEC.

If your Institution is seeking to establish eligibility through Section 69432.7(l)(1)(B) of the CEC, please complete the “Financial Statement and Demonstration of Administrative Capability to Participate in the Cal Grant Programs” form.

Initial any box(es) applicable to your Institution:

**FOR PRIVATE/INDEPENDENT POSTSECONDARY INSTITUTIONS**

Section 69432.7(l)(1)(A) of the CEC states: “Qualifying Institution” means the following:

***“A California private or independent postsecondary educational Institution that participates in the Pell Grant Program and in at least two of the following federal campus-based student aid programs: (i) Federal Work-Study, (ii) Perkins Loan Program, (iii) Supplemental Educational Opportunity Grant Program.” Participation in the campus-based programs means the Institution or site has applied for, been allocated funds, and is spending those funds. Participation in the Federal Pell Grant program means that students are eligible to be paid Federal Pell Grant funds for attendance at the Institution.***

This Institution meets the requirements of Section 69432.7(l)(1)(A) of the CEC.  
Initial Here

**OR**

Section 69432.7(l)(B) of the CEC states: “Qualifying Institution” means the following:

***“A nonprofit Institution headquartered and operating in California that certifies to the commission that ten (10) percent of the Institution’s operating budget, as demonstrated in an audited financial statement, is expended for the purposes of Institutionally funded student financial aid in the form of grants, that demonstrates to the commission that it has the administrative capacity to administer the funds, that is accredited by the Western Association of Schools and Colleges.”***

This Institution meets the requirements of Section 69432.7(l) (B) of the CEC.  
Initial Here

**FOR PUBLIC POSTSECONDARY INSTITUTIONS**

Section 69432.7(l)(C) of the CEC states: “Qualifying Institution” means the following:

***“A California public postsecondary educational Institution.”***

This Institution meets the requirements of Section 69432.7(l)(C) of the CEC.  
Initial  
Here

**Additional requirements:**

**FOR ALL INSTITUTIONS**

Section 66290 of the CEC states:

***“Prior to receipt of any state financial assistance or state student financial aid, a postsecondary educational Institution shall provide assurance to the agency administering the funds, in the manner required by the funding agency, that each program or activity conducted by the postsecondary educational Institution will be conducted in compliance with this chapter and all other applicable provisions of state law prohibiting discrimination on the basis of sex. A single assurance, not more than one page in length and signed by an appropriate responsible official of the postsecondary educational Institution, may be provided for all the programs and activities conducted by a postsecondary educational Institution.”***

This assurance must be retained by the Institution in files, catalogs, or on the Institution’s official Web site and need not be included with this Agreement.

This Institution meets the requirements of Section 66290 of the CEC.  
Initial  
Here

**FOR ALL INSTITUTIONS**

Section 69432.7(l)(2)(A) of the CEC states:

***“The Institution shall provide information on where to access California license examination passage rates for the most recent available year from graduates of its undergraduate programs leading to employment for which passage of a California licensing examination is required, if that data is electronically available through the Internet Web site of a California licensing or regulatory agency.”***

This Institution meets the requirements of Section 69432.7(l)(2)(A) of the CEC.  
Initial  
Here

**FOR ALL INSTITUTIONS**

I certify that the Institution is eligible to participate in the Cal Grant Programs and will immediately notify the Commission if the Institution ceases to be eligible under Sections 69432.7(l)(1)(A), 69432.7(l)(B), 69432.7(l)(C) of the CEC, or Article VI of this Agreement.

\_\_\_\_\_  
**Signature: Chancellor/Chief Executive Officer/President of Institution**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Type or Print Name and Title**

\_\_\_\_\_  
**Signature: Chief, Program Administration and Services Division, California Student Aid Commission**

\_\_\_\_\_  
**Date**

The “Appendix A: Definitions” has been deleted in order to be consistent with the federal definitions, which are available in a glossary on the Federal Student Aid website for financial aid professionals. Definitions will be added as a component of the Cal Grant procedure handbook, which is currently under revision.

**Program and Fiscal Records** include, but are not limited to:

A. Student eligibility:

- 1) Documentation of California residency
- 2) Income and asset documentation (ISIR)
- 3) High school graduation verification
- 4) Need analysis and packaging information for each recipient to support financial need reported to Commission and to support final award package
- 5) Award letters, Full academic transcripts and Add/Drop Screens (SAP and enrollment verification)
- 6) Enrollment agreements (if applicable)
- 7) Declaration of academic major/program and program length
- 8) Cost of Attendance (Student Expense Budgets)
- 9) Documentation of Professional Judgment (if applicable)
- 10) Resolution of ISIR elements requiring resolution under federal law or statute.
- 11) Student Ledger (receipt of Cal Grant funds and all other financial aid received)
- 12) Citizenship status confirmation

B. Institution Eligibility

- 1) The current authority to operate from the California Bureau for Private Postsecondary Education, if applicable
- 2) Written policies and procedures for the Institution's administration of Commission programs
- 3) All application school catalogs, term academic calendars, and documentation describing course lengths
- 4) The most recent Independent Auditor's Report (Financial Statements and OMB Circular A-133 Compliance) and the Institution's audit response
- 5) The latest Fiscal Operation Report and Application to Participate (FISAP), Part VI, Section A (Program Summary for Award Year)
- 6) Audit and Program Review Reports (i.e. USED accrediting agency)
- 7) Information and Security Agreements and forms
- 8) The school's current organizational chart.

*2012-16 Institutional Participation Agreement*

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**FINAL DRAFT March 30 & April 27, 2012**

C. Fiscal Administration

- 1) Detailed Cal Grant fund ledger(s) that show the deposit of Commission advances and disbursement of grant awards for the award year. Ledgers must contain a beginning and ending balance.
- 2) Bank statements identifying the deposit of Cal Grant advances for the award year. If Cal Grant deposits combined with other deposits, keep deposit slips detailing each item deposited.
- 3) Chart of accounts and financial aid account related codes
- 4) Individual student account ledgers
- 5) Proof of receipt of "Access" and "Books and Supply" funds by student, such as:
  - i. Front and back copies of negotiated checks
  - ii. Institution bank statement used for tracking each student's payment(s), or
  - iii. Written authorization from the student to credit payment to other school charges
- 6) Accounting procedures necessary to explain the application or distribution of Cal Grant funds
- 7) Refund payments made to the Commission (i.e. invoices)
- 8) Earned interest payments made to the Commission



**CAL GRANT PROGRAM  
INSTITUTIONAL PARTICIPATION AGREEMENT  
for  
2012-16**

Name of Institution: \_\_\_\_\_

Address of Institution: \_\_\_\_\_  
\_\_\_\_\_

Office of Postsecondary Education  
Identification (OPE ID) Number: \_\_\_\_\_

If using US Postal Service, please return to:  
California Student Aid Commission  
Program Administration & Services Division  
ATTN: IPA Renewal  
P.O. Box 419028  
Rancho Cordova, CA 95741-9028

If using another delivery service, return to:  
California Student Aid Commission  
Program Administration & Services Division  
ATTN: IPA Renewal  
10834 International Drive, ~~2<sup>nd</sup> Floor~~  
Rancho Cordova, CA 95670

Execution of this Agreement is mandatory for participation in the  
California Student Aid Commission's Cal Grant Programs.

**THIRD-FINAL DRAFT Showing Track Changes March 30<sup>6</sup> & April 27, 2012**

## ARTICLE I - Cal Grant Program Administration - Participation

The California Student Aid Commission ("Commission") and \_\_\_\_\_, hereafter referred to as the "Institution," agree to the terms contained in this Institutional Participation Agreement (Agreement).

~~The Institution desires to participate as an agent of the Commission for the limited purpose of taking part in the Commission's internal procedures offer the administration of the Cal Grant Program.~~ This Agreement governs the terms and conditions of the Institution's eligibility to participate ~~as the Commission's limited agent in the Commission's internal procedures of the administration of all in the~~ Cal Grant Programs ~~awards.~~ An Institution's failure to comply with the administrative, fiscal and information security responsibilities set forth in this Agreement may result in the termination of the Institution's Agreement.

This Agreement applies only to campus(es) indicated on this Agreement as listed in Article IX. A new Agreement is required for the addition of any added campus(es).

This Agreement ~~shall~~ terminates and the Institution's participation in the ~~Commission's internal procedures of the administration of the~~ Cal Grant Program ~~shall~~ ends on the date of any shift in control or change of ownership as defined in Article VIII. If the new controlling party or new owner wishes to continue Cal Grant participation, a new Agreement must be completed and executed.

In the event of any inconsistency between any of the provisions of this Agreement and applicable federal or state law or regulations, the law or regulations as amended, shall prevail over the conflicting provision and the remaining provisions if the terms of this Agreement are not consistent with federal or state law or regulations, as amended shall remain in full force and effect.

## ARTICLE II - Cal Grant Program Administration - General Provisions

A. ~~\_\_\_\_\_~~ The Institution ~~must satisfy the minimum requirements understands and agrees certifies that it is subject to and will comply with the program statutes and implementing regulations for participation in the Cal Grant Program for postsecondary a qualifying institutions in California established as set forth in California Education Code (CEC) 69432.7(l)(1) and that it, and Title 5 of the California Code of Regulations (CCR), Section 30009. To that end, the Institution certifies that it satisfies one of the following subsections:~~

- 1) ~~\_\_\_\_\_~~ The Institution is a California non-public postsecondary Institution approved by the United States Department of Education (USED) to participate in the Federal Pell Grant program and two of the three federal campus-based student aid programs. The three federal campus-based programs are the Federal Work Study, the Federal Perkins Loan and the Federal Supplemental Educational Opportunity Grant (SEOG) programs [CEC 69432.7(l)(1)]. Specifically, participation in the campus-based programs means the postsecondary Institution has been allocated funds and is spending those funds at each additional

location/campus/site/branch (campus) that Cal Grant recipients attend. These program requirements are set forth in 5 CCR 30009(b).

2) \_\_\_\_\_ The Institution is a nonprofit postsecondary Institution headquartered and operating in California that: (a) expends at least ten (10) percent of the Institution's operating budget, as demonstrated in an audited financial statement, for the purposes of Institutionally funded student financial aid in the form of grants, (b) has demonstrated to the Commission that it has the administrative capability to administer the funds, and (c) is accredited by the Western Association of Schools and Colleges [CEC 69432.7(l)(2) and 5 CCR 30009 (c)].

3) \_\_\_\_\_ The Institution is a California public postsecondary educational Institution [CEC 69432.7(l)(3)].

~~B.A.~~ \_\_\_\_\_ ~~The Institution~~ shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying ~~Institution~~institution. ~~[5 CCR 30009(d)].~~ The Institution shall immediately notify the Commission whenever it fails to meet the minimum qualifications for participation ~~stated in subsection A~~as set forth in CEC 69432.7(l).

~~C.B.~~ \_\_\_\_\_ The Institution agrees to maintain standards of administrative capability and financial stability in accordance with federal and state law and regulations, ~~as applicable.~~Refer to Chapter 2 of the Cal Grant procedure handbookProgram Manual (CGPM).

~~D.C.~~ \_\_\_\_\_ The Institution agrees to use and retain program and fiscal records (refer to Appendix BA: Program and Fiscal Records) that demonstrate Institutional and student eligibility, and that document the accuracy of the grant payments reported and the right of the Institution to receive or retain payments made by the Commission. The Institution shall retain these records for a period of three (3) years following the last day of the academic year for which the grant was intended or until outstanding audits are resolved.

~~E.D.~~ \_\_\_\_\_ The Institution shall maintain written policies and procedures governing the administration and processing of Cal Grant funds under this Agreement.

~~F.E.~~ \_\_\_\_\_ The Institution agrees to use Cal Grant funds transferred to it solely for the purposes specified, and in accordance with the provisions set forth in the respective program statutes, federal and state regulations and procedures, the California Cal Grant Programs procedure handbookManual (CGPM) including handbookmanual updates, Grant Operational Operations Memos (GOM), Grant Special Alerts (GSA), Grant Policy Bulletins (GPB), and this Agreement.

~~G.F.~~ \_\_\_\_\_ The Institution acknowledges that no Cal Grant funds are authorized for a fiscal year until such time as that fiscal year's budget has been adopted by the Legislature and signed by the Governor. It is further understood that if such funds are not approved for a fiscal year, the State and the Commission shall be relieved of further payments and this Agreement will be canceled; if proposed funding amounts are reduced, this Agreement is limited to the approved amounts only.

H.G. The Institution agrees to maintain a current designation of individuals who are responsible for coordinating and communicating with the Commission on matters related to the provisions of this Agreement.

~~I.~~ H. The Institution agrees to make available at the time of program compliance review, or at any time at the request of the Commission staff, any records and personnel related to the administration of the Commission's Cal Grant Program.

J. I. The Institution agrees that it is subject to and must comply with all current and applicable federal and state law and regulations in its implementation of the terms of this Agreement. The Institution agrees that noncompliance with any of these provisions may result in the termination of this Agreement and the privileges that are afforded under it.

~~K.~~ J. The Institution agrees upon request to inform and to inform provide the Commission of all consortium and contractual agreements between the Institution and any other institution or organization, whether eligible or ineligible for federal student aid, attended by Cal Grant recipients and for which the Institution receives Cal Grant funds. The Institution shall provide the Commission with copies of the consortium and contractual agreements under which another Institution provides all or part of the education program of Cal Grant participants, upon request.

K. As a condition for its voluntary participation in the Cal Grant Program, the Institution shall annually report to the Commission, as specified in regulations adopted by the Commission, both of the following for its undergraduate programs:

1) Enrollment, persistence, and graduation data for all students, including aggregate information on Cal Grant recipients.

2) The job placement rate and salary and wage information for each program that is either:

(i.) designed or advertised to lead to a particular type of job; or

(ii.) advertised or promoted with any claim regarding job placement.

**ARTICLE III - Cal Grant Program Administration - Account Maintenance - Institutional Responsibilities**

~~A.~~

A. The Institution agrees that participation in the administration of the Cal Grant Program is an Institution-wide responsibility. The Institution agrees that student information in the possession of any office or division of the Institution constitutes information in the possession of the Institution. The Institution agrees to manage its participation in the Cal Grant Program, and to coordinate information of Cal Grant funds and Cal Grant recipients, among all offices (i.e. financial aid office, accounting/bursar's office, registrar's office, admissions office, third party servicers, district and county offices, which maintain Cal Grant funds etc.).

- B. The Institution agrees to maintain a current designation of individuals who are responsible for Cal Grant account maintenance through adherence to generally accepted accounting principles (GAAP) and practices. The Institution also agrees to maintain a separation of function/duties between individuals who authorize and disburse Cal Grant funds so that no one individual is responsible for both functions.
- C. The Institution agrees to maintain an accounting system ~~which~~ that conforms to ~~generally accepted accounting principles GAAP and practices~~ that includes such items as, but is not limited to, cash receipts and disbursement journals, bank account reconciliation, evidence of receipt of Cal Grant funds, disbursement of Cal Grant funds to recipients, and all other accounting records necessary to account for all transactions. All Cal Grant funds must be properly recorded and allocated to the appropriate award year for which the funds were advanced and disbursed.
- D. The Institution agrees that all Cal Grant funds, including term advances transferred by the Commission pursuant to CEC 69432.8, constitute State funds, owned by the State, and held in trust for the State, until the funds are withdrawn to be paid as an award for an eligible Cal Grant recipient or as otherwise directed by the Commission.

1) Institutions may hold Cal Grant funds in a separate bank account or may commingle Cal Grant funds with funds from other sources, but must identify the Cal Grant funds through a subsidiary ledger.

~~1)~~

- a. Absent a separate bank account, the Institution must ensure that its accounting records clearly reflect that it identifies Cal Grant funds as readily as if those funds were in a separate account; and
- b. The Institution must identify earnings on Cal Grant funds in the Institution's bank or investment account.

The account in which Cal Grant funds are held must be an interest-bearing account or an investment account at a financial Institution with a presence in California whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC).

~~ii. or the Federal Savings and Loan Insurance Corporation (FSLIC) or secured by collateral of value reasonably equivalent to the amount of Cal Grant Program funds in the account.~~

~~iii.~~

~~The Institution agrees that no bank fees nor negative interest shall be deducted nor offset against the interest earned by the advance of State funds for the Cal Grant Program. See #5~~

2) Institutions shall calculate interest on Cal Grant funds in the same manner used by its financial Institution or investment pool. See # 4

2) Annual interest earned on Cal Grant funds constitute State funds and must be remitted to the Commission on behalf of the State no later than March 1 following the calendar year for which the interest accrued (e.g. March 1, 201208, for calendar year 201107).

~~3)~~  
 3) Institutions shall calculate interest on Cal Grant ~~positive balances~~ in the same manner used by its financial ~~Institution~~ institution or investment pool. If a negative balance exists, as a result of the Institution paying recipients in excess of the Cal Grant funds available for disbursement, the Institution shall not adjust or otherwise offset its it should be modified so that Institutional expenses ~~incurred are not offset~~ against interest earned on Cal Grant funds.

~~4)~~  
 4) The Institution agrees that no bank fees, unearned interest on Institutional funds (i.e. "nor-negative interest"), or other cost shall be deducted nor offset against the interest earned by the advance of State funds for the Cal Grant Program.

5) Institutions have a fiduciary responsibility to ensure that State funds are used only for the benefit of eligible students. Under no circumstances may the Institution use State funds for any other purpose, such as paying operating expenses, collateralizing or otherwise securing a loan, or earning interest or generating revenue in a manner that risks the loss of State funds or subjects State funds to liens or other attachments (such as would be the case with certain overnight investment arrangements or sweeps).

E. Should the Institution close, lose federal financial aid eligibility, or no longer meet the statutory definition of a eligible-qualifying Institution, or upon termination of this Agreement, the Institution agrees to return any undisbursed funds or pay any outstanding invoices immediately and remit any interest earned on those funds.

F. \_\_\_\_\_

F. The Institution shall not request additional State funds from the Commission ~~unless until~~ the initial term advance funds are payable as are disbursed to eligible Cal Grant awards for specific recipients enrolled in the Institution. and Disbursement is considered to have occurred only after the Institution has ~~determined, determined~~ based on all information in the possession of the Institution, that the Cal Grant awards to those recipients are properly paid have been paid directly to the recipient or been credited to the recipient's account. ~~payable~~

**ARTICLE IV - Cal Grant Program Administration - Disbursement - Institutional Responsibilities**

~~Identify which of the California campuses the Cal Grant recipient attend and report this information to the Commission. Institutions with a main campus outside of the State of California agree to identify which of the Institution's California campuses the Cal Grant recipients attend and report this information to the Commission when requested.~~

A. Institutions with a main campus outside of the State of California agree to identify which of the Institution's California campuses the Cal Grant recipients attend and report this information to the Commission when requested.

A. \_\_\_\_\_

B. Confirmation of Eligibility: Confirm that the recipient meets eligibility and program requirements specified in this Agreement at the time Cal Grant funds are paid to the

recipient or the recipient's account using all existing information, ~~including but not limited to Institutional Student Information Record (ISIR), student self-certification and retain affidavit, if applicable, federal verification documentation~~, in the possession of the Institution. [CEC 69432.7(k)]. Resolve and report to the Commission prior to disbursement any conflicting information (pursuant to the most current FSA Handbook and the Blue Book published by ~~USED~~, ~~201007-1108 FSA Handbook Vol. 1, p. 114 and the October 2005 The Blue Book, Chapter 10, pp. 142-143~~) that may affect the disbursement of Cal Grant funds, including the following if applicable:

- ~~4)~~ 1) The recipient is a U.S. citizen or ~~an eligible non-citizen~~. [CEC 69433.9(a), ~~or after January 1, 2013, the recipient meets the eligibility requirements specified in CEC 68130.5(a).~~] ~~or is a student who attends the California State University, the California Community Colleges, or the University of California who is exempt from paying nonresident tuition under the provision described in CEC 68130.7. or meets the requirements under Assembly Bill 540 [CEC 68130.5]~~
- 2) In the case of a recipient without lawful immigration status, after January 1, 2013, the Institution must maintain an affidavit executed by the recipient stating that the recipient has filed an application to legalize his or her immigration status. The recipient has filed or will file an affidavit application as soon as he or she is eligible to do so. [CEC 69508.5, 68130.5] required by individual Institutions, stating that application for legal residency will be filed. For those recipients attending more than one Institution or who transfer between Institutions, each Institution is required to maintain an affidavit in its records.
- 3) The recipient has met U.S. Selective Service requirements. [CEC 69433.9(b)].  
~~2)~~
- 4) The recipient has a valid Social Security number. [CEC 69433.9(a)] or, if the recipient does not have a valid Social Security Number, the recipient meets the eligibility requirements specified in CEC 68130.5(a).
- ~~4)5)~~ The recipient is not in default on any Title IV educational loan or does not owe a refund on any Title IV grant (e.g. Federal Pell or Federal SEOG) or any State grant program administered by the Commission. (CEC 69507.5) ~~(CEC 69517.5)~~ [CEC 69433.9(d)].
- 6) The recipient is not incarcerated. [CEC 69433.9(c)].
- 7) The recipient meets the California State residency requirements for at least one year as of the residence determination date with the exception of those students eligible under CEC 68130.5.
  - ~~2)~~ The residence determination date may be established by one of the following:
    - a. i.
      - ~~6)~~ The recipient is a legal meets California state resident residency requirements for at least one year [CEC 69433.5(a) and CEC 68017] as

~~of the residence determination date or meet the requirements specified under AB 540 [CEC 68130.5].~~

- ~~ii.i.~~ If the governing ~~board of a board of a~~ public Institution has adopted ~~adopted by rby~~ regulation or policy, a residence determination date [CEC 68023], that date shall be used for Cal Grant purposes

**OTHERWISE**

- ii. The first day of instruction of the term for the award year in which the student is enrolled as a Cal Grant recipient shall be the residence determination date for Cal Grant purposes.

**OR**

- iii. "In other cases, the residence determination date for Cal Grant purposes shall be either the first day of instruction of the term for the award year in which the student is enrolled as a Cal Grant recipient, or the date the Commission uses to make the preliminary determination of California residency for purpose of offering a Cal Grant."The date the Commission uses to make the preliminary determination of California residency for purposes of offering a Cal Grant shall be the residence determination date for Cal Grant purposes.<sup>1</sup>

- b. Public Institutions shall continue to use the procedures or rules and regulations instituted by their respective governing boards for determining California residency, including resolving conflicting information in the possession of the Institution [CEC 68044].<sup>2</sup>

- ii.c. Non-public Institutions may adopt the regulations in 5 CCR 54020 ~~and~~ 54024 or they may develop and document their own policy which is not inconsistent with 5 CCR 54020-54024 and CEC 68060-68062, including the resolving resolution of conflicting information in the possession of the Institution (~~see Appendix C~~).<sup>2</sup>

- iv.d. Conflicting information may include indicators on the ISIR such as

- i. Permanent mailing address in a state other than CA

•

- ii. Driver's license issued by a state other than CA

•

- iii. Student's state of address not CA

•

- iv. Date of residence not more than a year prior to residence determination date

•

<sup>1</sup> Institutions shall apply the same residence determination date(s) to all their students uniformly.

<sup>2</sup>CSAC acknowledges the validity of differing residency requirements among the segments of California postsecondary education. Nevertheless, the Commission strongly recommends that in the case of a student who has been determined to be a resident, has received a Cal Grant, and then transfers to another California postsecondary Institution, that Institutions NOT REESTABLISH residency requirements only in relation to the reception of the student's Cal Grant.

•-(If minor) parent's state of address not CA,

v.

•-(If minor) parent's date of residence not more than a year prior to residence determination date, or

vi.

—OR

vii. Any other information available at the Institution ~~which Institution,~~ which shows inconsistency with a claim of CA residency.

8) The recipient meets the requirements set forth in 68130.5(a)(1) and (2), or other similar requirement adopted by the Regents of the University of California for purposes of determining whether a student is exempt from paying nonresident tuition based on their attendance at a California high school, or equivalent thereof. [69508.5]

~~8) At the time of transfer, the Institution must recertify the AB 540 affidavit of the Cal Grant recipient.~~

9) The recipient is enrolled in an eligible program or course of study [CEC 69433.5(e)].

10) The recipient does not have a bachelor's or professional degree before receiving a Cal Grant (except for post baccalaureate students enrolled in teaching credential programs) [CEC 69433.5(d)(2)].

~~10)~~

~~11)~~ 11) The designated recipient's participation in an eligible post-graduate teaching credential or mandatory 5th year program is approved by the Commission [CEC 69433.6(b), ~~69433.6&(c)~~(1)].

~~12)~~ 12) The enrollment status for each recipient on the grant roster ~~is at least part-time~~ must be as defined in ~~CEC 69432.7, and in accordance with the established Institutional policies and requirements in the CGPM, including manual updates, policy bulletins, operations memos, special alerts, and this Agreement.~~ [CEC 69434(b)(6), 69435.3(a)(6), 69436(b)(6), 69437.3(c)]

~~13)~~ 13) The ~~new and renewal~~ recipient demonstrates the minimum financial need required for a new or renewal Cal Grant award at the Institution according to federal financial need methodology [CEC 69432.9(b)].

~~14)~~ 14) The recipient with a new or renewal award has family income and assets at/below the published Cal Grant ceilings [CEC 69432.7(k) and 69433.2].

15) The recipient is complying with the Institution's federal Title IV satisfactory academic progress policies [CEC 69433.5(a)].

~~15)~~

~~16)~~

~~16)~~ 16) The California Community College Transfer Entitlement recipient randomly selected for verification pursuant to CEC 69436(d)(3)(B) meets eligibility criteria.

C. B. Disbursement of Cal Grant Funds

- 1) Establish and maintain a written disbursement policy for each educational program, if different from the standard disbursement policy used by the Institution. Each participating Institution must have a published term-by-term calendar identifying the Institution's course "add/drop" and ~~and~~ or financial aid enrollment census dates or the equivalent and must produce the written calendar upon request.
- ~~1) request. and schedule that includes the Institution's enrollment/payment periods reported to the Commission and is in accordance with the applicable requirements specified for each educational program. The disbursement policy should also include the Institution's add/drop date or census date, or its equivalent.~~
- i.a. Disburse "Access" and "Books and Supplies" Cal Grant funds payments to eligible recipients within ~~fifteen~~ (15) business days of determination of enrollment status when Cal Grant funds are available in the Institution's account.
- b. Disburse no more than that which the recipient is eligible to receive per ~~academic payment period~~ term. The award to a non-full-time half-time or three-quarter-time recipient shall be prorated based on the participant's enrollment status. [CEC 69433.5-(b), CEC 69432.7-(f)]
- ii.c. Report payment transactions through WebGrants or data files as early as practicable, but no later than sixty (60) days following the end of the ~~term~~ payment period or the final determination of eligibility.
- iii.d. Report payments within fifteen (15) business days of disbursement but no later than 60 days following the end of the term.
- e. Any funds disbursed to a recipient in excess of that which the recipient is eligible to receive is considered an overaward. Correct any Cal Grant overawards by adjusting other financial assistance, ~~excluding tuition waivers,~~ offsetting subsequent term payments within the same award year, or, if necessary, returning the overage to the Commission. California law does not allow tolerance levels on overawards.
- f. Make all disbursements and adjustments no later than December 31, following the end of the award year (e.g. December 31, 2012~~08~~, for award year 2011-12~~07-08~~).
- g. Make Disburse Cal Grant payments tuition/fees portion of the award based on the participant recipient's enrollment status at the time of payment using as of the Institution's add/drop date, financial aid census date, or its equivalent.

~~iv. Certify the accuracy of the tuition/fee portion of the payment transactions submitted to the Commission to reflect the final status of the participant's at the add/drop date, census date, or the equivalent.~~

~~2) Establish and maintain a written Institutional Cal Grant Program ~~Refund~~ Policy which ~~that~~ includes the disposition of Cal Grant Program(s). Cal Grant funding funds to include the following:~~

~~2)–~~

~~a.~~

~~Once the Institution becomes aware that a participant has ceased attendance, the Institution must perform its Institutional refund policy. The Institution must report to the commission the withdrawal date. This date should correspond with the withdrawal date used for Title IV program purposes.~~

~~Footnote <sup>2</sup>: v. California state law does not allow tolerance levels on overawards. If a participant ceases to be enrolled prior to the end of a term that a Cal Grant payment was made, the Institution shall determine the tuition and fee charges for the term.~~

~~Cal Grant tuition/fees payments cannot be greater than the amount of tuition/fees due or charged incurred up to the date the recipient withdraws.~~

~~If the recipient received more Cal Grant funds than tuition/fees charged for the payment term, the excess funds must be returned to the Commission.~~

~~If the recipient received less Cal Grant funds than eligible, the Institution may disburse the funds that were not received.~~

~~If the recipient is due a post-withdrawal of access, books, and supplies disbursement, these funds may be directly disbursed to the recipient. In the case of a refund (i.e. if a recipient withdraws, drops out or is expelled for a term for which a payment has been made), recalculate based upon the Institution's refund policy and determine the portion to be returned to the Commission on behalf of the State.~~

Cal Grant funds may not be used for reimbursement to the federal government.

~~b. The Institution must return Cal Grant funds to the Commission before refunding any other funding sources other than refunds of federal Title IV program funds required by the Return of federal Title IV funds regulations.~~

~~i. \_\_\_\_\_~~

~~3) Establish and publish a policy that informs students **Cal Grant recipients** of their options regarding receipt of Cal Grant "Access" or "Books and Supplies" **when recipient has both Cal Grant A and B eligibility funds** and their **subsequent** ability to rescind **modify** their option at any time. (i.e. If Institutional policy is to apply "Access" or "Books and Supplies" to outstanding balances on the student's account, the student recipients must have the ability to request personal receipt of the funds prior to disbursement.)~~

3) The Institution must establish and publish a policy that informs Cal Grant B and Cal Grant C recipients of their option to either apply the "Access" or "Books and Supplies" portion to outstanding balances on the student's account or request personal receipt of the funds prior to disbursement.

D. Reconciliation of Cal Grant Funds

1) Establish a written reconciliation policy that details the procedures for reconciling Cal Grant funds received and disbursed by the Institution for each award year.

2) Payment Term Period Reconciliation

i.a) Institutions are required to reconcile payments no later than sixty (60) days after the end of the term payment period.

ii.b) Term-r Reconciliation does not preclude adjustments or payments after that date.

3) Final Reconciliation

a) All Cal Grant funds must be properly recorded and allocated to the appropriate award year for which the funds were advanced and disbursed.

i.  
-

b) Reconcile all award year Cal Grant funds received and disbursed by the Institution no later than December 31 following the award year (e.g. December 31, 20128, for the 201107-1208 award year) or an earlier final processing date in December as authorized by the Commission. The Institution must report adjusted payment transactions for payment transactions previously reported in error.

c) The final reconciliation of Cal Grant program-Program expenditures is to be on a student-by-student basis for the payment period and award year. ~~award period.~~

ii.

iii.d) Upon final award year reconciliation by the Institution, the Institution may, at any time prior to invoicing, repay any Cal Grant funds in excess of the reconciled amount to the Commission.

iv.e) Upon final reconciliation by the Commission, if the Institution has any outstanding balances, the Institution shall be invoiced for those funds. The invoice shall be due and payable to the Commission within 30 days of the invoice date. The Institution agrees to resolve any reconciliation discrepancies with the Commission.

~~v. Certify the accuracy of all payment transactions submitted to the Commission to reflect the current status of the student at the time of disbursement.~~

vi-f) Any excess or undisbursed Cal Grant funds must be returned to the Commission upon final reconciliation or invoicing of the award year.

~~vii.g) The Institution may not apply excess carryover undisbursed Cal Grant funds from prior year to any other recipient's student's account or carryover undisbursed Cal Grant funds to any subsequent award years, prior or future year accounts. Cal Grant awards must be disbursed for the fiscal year appropriated based on the budget act of that fiscal year. Therefore, excess funds must be returned to the Commission.~~

viii-h) Agree to pay any Institutional liability that is determined as a result of a program compliance review within the time specified in the program review report.

ix-i) Liability to the Commission for the Institution's actions or omissions under this Agreement shall not exceed the actual amount of Cal Grant funds that the Institution is not entitled to retain.

x-j) Failure by the Institution to take action on Cal Grant funds that the Institution is ineligible to retain, after all appeals are exhausted or settled, may constitute noncompliance and may result in the termination of this Agreement thereby terminating the Institution's participation in the Cal Grant Programs.

E. Submit annual College Cost Estimate forms to the Commission by the deadline specified.

#### ARTICLE V - Cal Grant Program Administration - Commission's Responsibilities

A. Maintain the Grant Delivery System (GDS).

B. Maintain WebGrants.

C. Maintain WebGrants for Students.

D. Make a preliminary determination of an applicant's eligibility for Commission-administered grant programs by evaluating his or her financial information and program specific data as provided on the Free Application for Federal Student Aid (FAFSA) or Institutional Student Information Record (ISIR), the verified Grade Point Average (GPA), and any other selection criteria and forms used to determine Cal Grant program eligibility.

E. Act as the central repository of high school graduation confirmation received from a variety of sources, placing all new high school Entitlement participants on hold until receipt of confirmation that the student is, in fact, a high school graduate or the equivalent. (This does not absolve Institutions of the requirement under Article IV, BA to resolve conflicting information.)

- F. Make a preliminary determination that Community College Transfer Entitlement Award recipients are residents of California at the time of high school graduation or its equivalent through use of a student self-certification under penalty of perjury [CEC 69436 (d)(3)(A)].
- G. Provide the Institution with information, training and ongoing assistance with respect to the Institution's participation in the administration of the Cal Grant Program, and consult with the financial aid community on a regular basis or as needed.
- ~~G-H.~~ Develop forms, publications, and training curriculum for use in administering the Cal Grant Program. The Commission will consult with students, parents, high school counselors, financial aid administrators, and other stakeholders on a regular basis or as needed.
- ~~H-I.~~ Generate and provide electronic data files and Grant Rosters to the Institution of potentially eligible recipients that include names, unique identifiers and payment amounts.
- ~~I-J.~~ Provide the Institution with procedures for completing payment transactions.
- ~~J-K.~~ Notify the Institution of accepted and rejected payment transactions.
- ~~K-L.~~ Reconcile accepted payment transactions.
- ~~L-M.~~ Provide the State Controller's Office with the documentation needed to issue Electronic Funds Transfer (EFT) or mail warrants for payment to the Institution.
- ~~M-N.~~ Provide the Institution with regularly updated electronic data and Grant Rosters identifying reconciled payments.
- ~~N-O.~~ Invoice the Institution for funds due the Commission as a result of the final reconciliation process and notify the Institution if funds will be withheld pending the return of delinquent repayments.
- ~~O-P.~~ Notify and instruct the Institution of any Cal Grant Program changes due to statute and/or procedure through Grant Operational Operations Memos, Grant Special Alerts, and Grant Policy Bulletins, ~~and CGPM updates.~~
- Q. Perform program review of the Institution's management of Cal Grant funds for compliance with federal and state law and regulations and this Agreement.
- R. Certify by October 1 of each year the Institution's latest three-year cohort default rate as most recently reported by the United States U.S. Department of Education. [(CEC 69432.7(l)(3)]
- S. Notify the Institution that does not meet the requirement found in California Education Code 69432.7 with a three-year cohort default rate that is equal to or greater than 30 percent as reported by the U.S. Department of Education that future Cal Grant advances will cease and that awards to supplemental payments is required for returning renewal students will be through the supplemental payment process. attending the Institution.

- T. Develop and maintain a procedure handbook that will guide financial aid staff in the administration of the Cal Grant Program. Updates of the handbook will occur on a regular basis or as needed.  
P.—

## ARTICLE VI - Cal Grant Program Administration - Information Security

The Information Security components of this Agreement are to control access to the Commission's information processing facilities and data by the Institution, as well as require (per [Federal Trade Commission](#) Safeguards Rule) certain levels of Information Security and privacy compliance for Institutions that access, retrieve, store, use, modify, ~~transfer, dispose of, destroy,~~ or delete Commission data. For purposes ~~used within this of this~~ Agreement, ~~all, n~~Non-public ~~p~~Personal ~~i~~Information ~~—(NPI)~~, Personally Identifying Information (PII) ~~(PII)~~ and financial information shall be identified as “Confidentialconfidential information”.

### Information Security - Institutional Responsibilities

The Institution will comply with all applicable federal, ~~California state,~~ and local information security, confidentiality and privacy laws and regulations, Commission policies and requirements pertaining to the proper access, creation, modification, handling, storage, transfer, transmission, dissemination, sharing or destruction of confidential information ~~pertaining to the maintained on the~~ Commission's Grant Delivery System (GDS) WebGrants system and/or pertaining to the Commission, its programs, and its program applicants and/or recipients.

The Institution will additionally abide by the following requirements as a condition of access to the Commission's data and network. The Commission reserves the right to monitor or revoke access to the Commission's network and data to the Institution or individual staff member(s).

### **Institution's Administrative Authorization for Access and Roles/Responsibilities**

- A. The Institution will maintain a historical record that identifies to the Commission or its representative, the identification of the individual(s) ~~who with is granted access to~~ the Commission's network or ~~who~~ creates or updates GDS WebGrants ~~(GDS)~~ transactions with the Commission's data for three (3) years following the last day of the award year.
- B. The Institution will designate a single individual as the Authorized Official (AO), who will then designate a maximum of two other individuals as the Institution's System Administrator(s) (SA).
- C. The Institution's AO will grant authority to the Institution's SA(s) to create or disable individual user accounts for that Institution's staff to access the Commission's network and data. The AO will not have SA authority or responsibility.
- D. The AO and SA(s) will be required to submit an accurate and complete “Information Security and Confidentiality Agreement” and “System Administrator's Access Request Form” to the Commission before access to the Commission's network and data is granted. If the AO and SA(s) are different at each Institution location (campus), separate

“Confidentiality Agreement” and “System Administrator’s Access Request Form(s)” must be completed and sent to the Commission. Copies of this documentation shall also remain at the Institution.

~~D.E.~~ The “Information Security and Confidentiality Agreement” and “System Administrator’s Access Request Form” must be renewed annually. All users including the AO and SA will lose access to the Commission’s network and data if the Institution does not submit the renewal forms by June 30.

~~E.F.~~ Any change in the designation of the Institution’s AO or SA(s) will require that a new “Information Security and Confidentiality Agreement” as well as new copies of the “System Administrator’s Access Request Form” be sent to the Commission immediately. Copies of this documentation of this shall also remain at the Institution.

~~F.G.~~ The Institution’s SA(s) will immediately disable the password and ID of any employee or agent of the Institution whose change in employment status or duties no longer requires access to the Commission’s network or data. Copies of this documentation ~~of this action~~ shall remain at the Institution.

~~G.H.~~ The Institution’s SA(s) will ensure that all Institution employees or agents that require WebGrants (GDS) access will sign a “Grant Delivery System (GDS) WebGrants User Access Request Form”, prior to being granted access to the WebGrants System. Such access will be granted for a period of time not to exceed one (1) year, and shall be renewed upon completion of either an annual Commission-supplied or Institutional-supplied training in areas of information security, privacy and confidentiality. Copies of this documentation shall remain at the Institution.

### Essential Practices in Promoting and Implementing Information Security

~~H.A.~~ Passwords and user identification numbers (IDs) are to be treated as ~~Confidential~~confidential information. Employees or agents of the Institution shall not share passwords and IDs. Passwords will be changed on a regular basis, as required by the Commission.

~~I.B.~~ Confidential Commission data or assets that are no longer required for use by the Institution, are not required for the Commission to conduct compliance reviews or are unless otherwise determined by the Commission to be subject to return or destruction, shall, based upon a mutually agreeable time or contract, shall be returned or destroyed in a secure manner, ensuring that no reconstruction or derivation of the data, media or materials is possible ~~at a mutually agreeable time or contract according to the California Civil Code Section 1798 et seq; Government Code Section 6250 et seq. and the State Accounting Manual (SAM) Chapter 5300.~~

~~J.C.~~ The Institution shall establish training programs and acceptable use policies for Institution employees regarding information security, privacy and confidentiality to include Commission data.

~~D.~~

~~J. K.~~ The Institution will establish and enforce policies to ensure that Commission data and network WebGrants access are conducted from secured systems on-site within the Institution, or ~~using the authorized IP address via encrypted networks from offsite locations.~~ ~~Access to the Commission data and network from off site locations is not authorized~~ Offsite locations shall have encrypted hard drives and storage devices and shall not provide a bridging capability from unsecured networks into Commission networks via secure networks from offsite locations. Offsite locations shall have encrypted hard drives and storage devices and shall not provide a bridging capability from unsecured networks into Commission networks. Offsite access to WebGrants must be accessed through equipment authorized, owned, and managed by the Institutions.

~~K. E.~~ The Institution will notify the Commission immediately of any security, integrity or confidentiality incident(s) involving Commission data or network exposure by contacting the Commission's ITS Help Desk at 1-888-294-0148. Such incidents may include, but are not limited to unauthorized or accidental modification, destruction, disclosure, loss, or access to automated files and databases, as well as incidents involving loss, damage or misuse of information assets. Such incidents shall be followed up with a written report of the incident, signed by the AO and the Institution's Chief Executive Officer and submitted to the Commission's Information Security Officer (ISO) within ten (10) business days after the Institution's awareness of the incident.

~~L. F.~~ No Commission data or assets shall be transferred to or shared by the Institution with to a third party or its agents any third party without express written permission by the Commission's ISO. Verification of individual data with the respective individual or their lawfully designated agent(s) is permissible.

~~M. G.~~ To the extent authorized by law ~~and caused by the negligence or intentional misconduct of itself, its employees or agents,~~ the Institution will accept liability for any direct or consequential damages to the Commission, its network or data, caused by the negligence or intentional misconduct of itself, its employees or agents.

~~N. H.~~ The Institution will ensure that information transmitted electronically or otherwise to the Commission has been examined and is complete and accurate to the best of its knowledge.

~~I.~~ No ~~faxes or~~ unencrypted email containing ~~Confidential~~confidential data shall be sent to the Commission.

~~O.~~

~~J.~~ All storage media or electronically transferred correspondence sent between the Institution and the Commission containing ~~Confidential~~confidential data must be encrypted or transferred via an encrypted communications session. Passwords, decryption devices, or decryption methods required to access the data must be sent separately via a different communications method.

~~P.~~

### **Information Security – Commission's Responsibilities**

The Commission will comply with all applicable federal, [California state](#) and local information security, confidentiality and privacy laws, regulations, [Commission policies](#) and requirements pertaining to the proper access, creation, modification, handling, storage, transfer, transmission, dissemination, sharing or destruction of confidential information pertaining to the Institution.

- A. Account changes submitted by the Institution will be reviewed, acknowledged and incorporated within three (3) business days.
- B. The Commission shall require that passwords ~~are~~be changed on a regular basis.
- C. The Commission shall issue periodic communications to address Information Security concerns.
- D. The Commission will ensure that information transmitted electronically or otherwise to the Institution has been examined and is complete and accurate to the best of its knowledge.
- E. No faxes or unencrypted email containing ~~Confidential~~confidential data shall be sent to the Institution.
- F. All correspondence transferred electronically or on storage media between the Commission and the ~~Institution~~Institution, containing ~~Confidential~~confidential data must be encrypted or transferred via an encrypted communications session. Passwords, decryption devices, or decryption methods required to access the data must be sent separately via a different communications method.
- G. The Commission will periodically audit the security-related records of the Commission and the Institution to ensure that proper levels of access to the Commission's data and networks by proper individual(s) identified by the Institution are correct, current and complete.

**ARTICLE VII - Corrective Measures**

~~A. The Institution is subject to the following corrective measures for failure to comply with the terms of this Agreement. If the Commission determines, whether through a program compliance review or other inquiry, that an Institution has failed to substantially comply with its obligations under this Agreement, the Commission may take action to implement corrective measures in an attempt to bring the Institution into compliance with this Agreement. Corrective measures which may be implemented include, but are not limited to:~~

- ~~1) The Commission may require that the Institution implement policy or procedural changes to ensure appropriate administration of the Cal Grant Program and protection of State funds.~~

- 2) The Commission may require that the Institution participate in and complete training related to areas of noncompliance.
  - 3) The Institution may be required to submit documentation, such as account ledgers, within two weeks of disbursement to confirm that each student has received, or the student has account been credited, with disbursed Cal Grant funds.
  - 4) The Commission may withhold processing of future payment transactions for the Institution until the Institution corrects the underlying finding or issue, which necessitated the corrective measure.
  - 5) The Commission may withhold or stop term advances to the Institution for future terms or academic years.
  - 6) The Commission may terminate an Institution's Agreement and thereby terminate the Institutions participation in the Cal Grant Programs.
- 1) ~~The Commission may halt the processing of future payment transactions for the Institution.~~
  - 2) ~~The Commission may withhold issuing Cal Grant funds to the Institution.~~
- ~~The Commission may withhold term advances to the Institution for future academic years.~~

The Commission may impose the following restrictions on non-public Institutions that have failed to maintain standards of administrative capability and financial stability:

- ~~The Institution will be classified as "at-risk" and placed in the Reimbursement Program and no longer benefit from term advances.~~
  - ~~The at-risk Institution (Institution) shall maintain Cal Grant funds in a separate bank account.~~
  - ~~Cal Grant funds will only be released after the Institution has verified a recipient's eligibility and has posted the request for payment on WebGrants.~~
  - ~~The Commission will approve disbursement of Cal Grant funds~~
- 1) ~~The Institution must submit documentation to the Commission such as account/ledgers within two weeks of disbursement to confirm that each student has received Cal Grant funds.~~

B. B. \_\_\_\_\_ The Commission ~~shall~~ will provide the Institution written notice of its intent to impose one of these corrective measures thirty (30) calendar days prior to implementation of such action, unless the egregious nature of the violation of the Agreement warrants that the Commission take immediate action to protect State funds. In that case, the Commission may take immediate action to stop any further transfer of State funds to the Institution during the pendency of any appeal by the Institution.

C. The Institution shall be permitted to submit, and the Commission shall consider, a response to such notice, including any legal and factual reasons why such corrective measure should not be imposed. Such response shall be submitted within fifteen (15) calendar days of receipt of Commission's written notice of its intent to impose such measure. The Commission has thirty (30) calendar days to consider the Institution's response to the notice. The Institution will be informed of the date, time and location of the public meeting at which the Commission will discuss the Institution's response and the Commission's decision thereon. The Institution will be provided with an opportunity to address the Commission.

D. Within five (5) business days following the meeting, the Commission will issue, in writing, to the Institution its final decision on the matter.

~~E.~~

~~D. The Commission may also terminate this Agreement as provided in Article VIII, section B.~~

### ARTICLE VIII - Agreement Duration

This Agreement is effective when it is executed by the Commission's representative. This is generally later than its execution by the Institution's representative. It supersedes any prior Agreements executed between the Commission and the Institution.

A. The Agreement automatically terminates with any of the following occurrences.

- 1) The Institution closes or stops providing eligible educational programs.
- 2) The Institution's federal Program Participation Agreement is terminated.
- 3) The Institution's accrediting agency has withdrawn its approval.
- 4) The Institution undergoes a change which results in one of the following:
  - i. a shift in control,
  - ii. change of ownership,
  - iii. or any other significant change in the control of the Institution (excluding change of Chancellor, Chief Executive Officer, or President).
- 5) The Institution or additional location no longer possesses all of the requirements for a qualifying Institution.
- 6) The Institution's Chief Executive Officer requests termination of this Agreement in writing.
- 7) June 30, 2016~~12~~.

B. The Commission's representative may terminate this Agreement in writing for the following occurrences.

1) The Institution does not demonstrate that they can provide adequate administration of the Cal Grant Program(s).

2) The Institution does not demonstrate financial stability.

3) The Institution has not returned Cal Grant funds addressed in either a Cal Grant Institution review or any outstanding invoices within the required time frameperiod.

2)4) The Institution fails to meet the definition of a qualifying Institution. [CEC 694737(l)]

3)5) The Institution fails to comply with the terms of this Agreement.

~~C. The Commission shall provide the Institution written notice of its intent to terminate the Agreement forty-five (45) calendar days prior to such action.~~

~~D. The Institution shall be permitted to submit, and the Commission shall consider, a response to such notice, including any legal and factual reasons why such termination should not occur. Such response shall be submitted within fifteen (15) days of receipt of Commission's written notice of termination.~~





**FOR ALL INSTITUTIONS**

Please indicate which of the following section(s) establish your Institution’s eligibility to participate in the Cal Grant Programs. Many Institutions’ eligibility is established through Section 69432.7(l)(1) ~~or (3)~~ ~~or 69440(a)~~ of the CEC.

If your Institution is seeking to establish eligibility through Section 69432.7(l)(1)(B)(2) of the CEC, please complete the “Financial Statement and Demonstration of Administrative Capability to Participate in the Cal Grant Programs” form.

Initial any box(es) applicable to your Institution:

**FOR PRIVATE/INDEPENDENT POSTSECONDARY INSTITUTIONS**

Section 69432.7(l)(1)(A) of the CEC states: “Qualifying Institution” means the following:

**“Any California private or independent postsecondary educational Institution that participates in the Pell Grant ~~program-Program~~ and in at least two of the following federal campus-based student aid programs: (iA) Federal Work-Study, (iiB) Perkins Loan Program, ~~and~~ (iiiC) Supplemental Educational Opportunity Grant Program ~~–[SEOG].~~” Participation in the campus-based programs means the Institution or site has applied for, been allocated funds, and is spending those funds. Participation in the Federal Pell Grant program means that students are eligible to be paid Federal Pell Grant funds for attendance at the Institution.**

This Institution meets the requirements of Section 69432.7(l)(1)(A) of the CEC.

Initial Here

**OR**

Section 69432.7(l)(B2) of the CEC states: “Qualifying Institution” means the following:

**“Any nonprofit Institution headquartered and operating in California that certifies to the commission that ten (10) percent of the Institution’s operating budget, as demonstrated in an audited financial statement, is expended for the purposes of Institutionally funded student financial aid in the form of grants, that demonstrates to the commission that it has the administrative capacity to administer the funds, that is accredited by the Western Association of Schools and Colleges.”**

This Institution meets the requirements of Section 69432.7(l) ~~(1)~~ (B2) of the CEC.

Initial Here

**FOR PUBLIC POSTSECONDARY INSTITUTIONS**

Section 69432.7(l)(C3) of the CEC states: “Qualifying Institution” means the following:

**“Any California public postsecondary educational Institution.”**

This Institution meets the requirements of Section 69432.7(l)(C3) of the CEC.  
Initial Here

**Additional requirements:**

**FOR ALL INSTITUTIONS**

Section 66290 of the CEC states:

**“Prior to receipt of any state financial assistance or state student financial aid, a postsecondary educational Institution shall provide assurance to the agency administering the funds, in the manner required by the funding agency, that each program or activity conducted by the postsecondary educational Institution will be conducted in compliance with this chapter and all other applicable provisions of state law prohibiting discrimination on the basis of sex. A single assurance, not more than one page in length and signed by an appropriate responsible official of the postsecondary educational Institution, may be provided for all the programs and activities conducted by a postsecondary educational Institution.”**

This assurance must be retained by the Institution in files, catalogs, or on the Institution’s official Web site and need not be included with this Agreement.

This Institution meets the requirements of Section 66290 of the CEC.  
Initial Here

**FOR ALL INSTITUTIONS**

Section 69432.7(l)(2)(A) of the CEC states:

“The Institution shall provide information on where to access California license examination passage rates for the most recent available year from graduates of its undergraduate programs leading to employment for which passage of a California licensing examination is required, if that data is electronically available through the Internet Web site of a California licensing or regulatory agency.”

This Institution meets the requirements of Section 69432.7(l)(2)(A) of the CEC.  
Initial Here

**FOR ALL INSTITUTIONS**

Section 69433.2 of the CEC states:

“As a condition for its voluntary participation in the Cal Grant Program, each Cal Grant participating Institution shall, beginning in 2012, annually report to the commission, and as further specified in the Institutional participation agreement, both of the following for its undergraduate programs:

(a) Enrollment, persistence, and graduation data for all students, including aggregate information on Cal Grant recipients.

(b) The job placement rate and salary and wage information for each program that is either (1) designed or advertised to lead to a particular type of job; or (2) advertised or promoted with any claim regarding job placement.

**FOR ALL INSTITUTIONS**

I certify that the Institution is eligible to participate in the Cal Grant Programs and will immediately notify the Commission if the Institution ceases to be eligible under Sections 69432.7(l)(1) ~~(A), 69432.7(l)(B), 69432.7(l)(C)(2) or (3), 69440(a)~~ of the CEC, or Article VI of this Agreement.

Signature: Chancellor/Chief Executive Officer/President of Institution

Date

Type or Print Name and Title

Signature: Chief, Program Administration and Services Division, California Student Aid Commission

Date

The “Appendix A: Definitions” has been deleted in order to be consistent with the federal definitions practice, which are made available in a glossary on their Federal Student Aid Handbook website for financial aid professionals. The Definitions will be added as a component of the Cal Grant Manual procedure handbook, which is currently under revision.

~~**Academic Year:** An “academic year” is July 1 to June 30, inclusive. The starting date of a session shall determine the academic year in which it is included as defined in CEC 69432.7(a). See “Award Year.”~~

~~**Access:** Component of Cal Grant B award that is intended to be used for student living expenses.~~

~~**Accredited:** A process where a private educational association of regional or national scope conducts an assessment or evaluation of a postsecondary institution. If the institution meets acceptable levels of quality it is “accredited”. See WASC.~~

~~**Add / Drop Date:** The enrollment changes are changes to a student's schedule of courses in which a student is enrolled for a semester. These changes require adjustments to tuition, including credits and new charges, are determined by the date on which the transaction is processed.~~

~~**Additional Location:** A location at which at least 50 percent of an educational program is offered.~~

~~**Administrative Capability:** In order to participate in the Cal Grant programs schools must be financially responsible and have the resources to properly administer the requirements of the program.~~

~~**Advances of Cal Grant Funds:** Each year after the state budget is passed, or in mid-August, whichever is later, the Commission may advance money to each participating school in order for schools to begin making payments to eligible students.~~

~~**Assets:** Cash on hand in checking and savings accounts; trusts, stocks, bonds, other securities; real estate (excluding home), income-producing property, business equipment, and business inventory. Considered in determining Expected Family Contribution (EFC).~~

~~**At-Risk:** A Cal Grant eligible institution not in compliance with the Institutional Participation Agreement standards for administrative capability and / or financial stability.~~

~~**Attendance Status:** The amount of time the student is currently attending school. For the purposes of Cal Grant payment reporting, students can be enrolled full-time, half-time, or three-quarter time.~~

~~**Authorized Official (AO):** A single individual that is designated by the Institution's Financial Aid Director to select up to two (2) separate individuals as System Administrator(s) for the Institution. Respective Institution campus locations may have their own AOs. The AO does not perform System Administrator functions.~~

**APPENDIX A**

~~**Award Year:** One academic year, or the equivalent, of attendance at a qualified Institution as defined in CEC 69432.7(c). See “Academic Year.”~~

~~**Books and Supplies:** Component of the Cal Grant C award that students can use for educational related expenses.~~

~~**California:** A state located on the United States’ western coast. California’s public postsecondary education offers a unique three tiered system, consisting of California Community Colleges, California State Universities, and the University of California system.~~

~~**California Code of Regulations or CCR:** The body of regulations promulgated to administer and regulate California laws. Commonly referred to as the “regulations.”~~

~~**California Education Code or CEC:** The legal statutes that authorize the Student Aid Commission and Cal Grant programs. Commonly referred to as the “law.”~~

~~**Center/Site:** Where institutions offer less than 50% of an eligible program at that location and the U.S. Department of Education does not recognize that center/site as an “additional location”. These centers/sites do not have an OPEID.~~

~~**Citizen, U.S.:** Cal Grant awards are available only to students who, in addition to being California residents, are U.S. Citizens or eligible non-citizens. The definition of U.S. Citizen and eligible non-citizen for the purposes of Cal Grant is the same as the requirement for federal Title IV student financial assistance.~~

~~**Cohort Default Rate:** The percentage of a school’s borrowers who enter repayment on certain Federal family Education Loan (FFEL) Program or William D. Ford Federal Direct Loan (Direct Loan) Program loans during a particular fiscal (FY), October 1 to September 30, and default prior to the end of the fiscal year. A measurement of the percentage of a school’s borrowers who enter repayment in a federal fiscal year and default on their loans before the end of the next federal fiscal year.~~

~~**College Cost Estimate Form:** Submitted to the Commission by the Institution annually to update cost of attendance figures for use in determining new Cal Grant applicant eligibility.~~

~~**Commission:** See California Student Aid Commission.~~

~~**Compliance Review:** A review performed by Commission auditors to verify compliance with Cal Grant and Specialized Programs laws and policies. Penalties for being out of compliance can include reimbursement of funds, suspension and termination from the Cal Grant program.~~

~~**Confidential:** Broad classification assigned to data or systems used to transfer such data. Such a classification denotes a level of value for which disclosure can bring some level of harm or damage. A Cal Grant recipient’s CSAC ID is not considered confidential data.~~

~~**Decryption:** The process or ability to remove encryption from data, thereby making the data readable or usable.~~

~~**Department of Education, U.S. (USED):** The section of the federal government that administers federal assistance to students enrolled in postsecondary educational programs.~~

~~USED programs include: Federal Pell Grant, Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work Study (FWS), Federal Family Education Loan (FFEL) Programs, and William D. Ford Federal Direct Loan (Direct Loan) Program.~~

~~**Disbursement of Funds:** Cal Grant funds are disbursed when a school credits a student's account with funds or pays a student directly.~~

~~**EFT:** Electronic Funds Transfer. Process by which Cal Grant funds are automatically transferred directly from the state Controller's Office to the participating Institution into the Institution's specified account.~~

~~**Electronically Transferred Correspondence:** Any electronic transfer or transmission of data between two or more parties. This can include, but is not limited to email, zipped files or other attachments, ftp FTP (file transfer protocol) transfers, telnet sessions, etc.~~

~~Hard disk drives contained within or attached to a computer system that are encrypted and do not allow any readable access to the data contained on it without the application of a password or decryption device, typically upon boot-up. USB and similar memory storage devices appear as a disk drive to computers and should be encrypted as well. Computer networks (virtual or real) utilizing encryption to provide a path for data transmission without the ability to eavesdrop on the data being transmitted.~~

~~**Enrollment Census Date:** Financial aid for the term will be adjusted to reflect the student's official enrolled credits as of the Census Date.~~

~~**(EFC)**~~

~~**FAFSA:** See Free Application for Federal Student Aid.~~

~~**Family Income and Assets:** Income and asset ceiling are set by the Commission in accordance with the provisions of CEC 69432.7(k) and are adjusted annually. Annual adjustments to the income and asset ceilings are based on the percentage change in the cost of living as defined by the California Constitution. The California Department of Finance provides the data to make the assessment. Income and asset ceilings for the upcoming year are typically approved by the Commission each November.~~

~~**Federal Pell Grant:** A federal grant program for needy postsecondary students who have not yet received a baccalaureate or first professional degree; administered by the U.S. Department of Education.~~

~~**Federal Supplemental Educational Opportunity Grant (FSEOG):** One of the campus-based programs; grants to undergraduate students of exceptional financial need who have not completed their first baccalaureate degree. Priority for FSEOG awards must be given to Federal Pell Grant recipients with the lowest EFCs. FSEOG is one of the "campus-based" programs that can be used to qualify for Cal Grants on an Institutional basis.~~

~~**Federal Work Study Program (FWS):**~~

~~**Final Reconciliation:** The reconciliation of all award year Cal Grant funds received and disbursed by the Institution no later than December 31 following the award year (e.g. December~~

**APPENDIX A**

~~31, 2008, for the 2007-08 award year) or an earlier final processing date in December as authorized by the Commission.~~

~~**Financial Need:** The difference between the Institution's cost of attendance and the family's ability to pay (i.e., Expected Family Contribution). Ability to pay is represented by the expected family contribution for federal need-based aid and for many state and Institutional programs. The calculation of financial need shall be consistent with Title IV of the Federal Higher Education Act of 1965, as amended (20 U.S. Secs. 107 et seq.)~~

~~**Free Application for Federal Student Aid (FAFSA):** The federal financial aid application completed by the student and the student's parents (if applicable) that collects household and financial information. The FAFSA is the foundation document for all federal need analysis computations and database matches performed for a student.~~

~~**FSEOG:** See Federal Supplemental Educational Opportunity Grant.~~

~~**Grade Point Average (GPA):** An average of a student's grades, converted to a 4.00 scale (4.00 is an A, 3.00 is a B, and 2.00 is a C). Submission of a verified GPA is required for Cal Grant A and Cal Grant B consideration. For Cal Grant purposes the GPA must be calculated in accordance with state regulations.~~

~~**Grant Roster:** List of eligible Cal Grant recipients at a particular school. Each California location must have its own Grant Roster.~~

~~**Independent Postsecondary Institution:** Non-public, non-profit educational institution legally authorized to operate in the state of California.~~

~~**Information Security:** Protection of information systems against unauthorized access to or modification of information, whether in storage, processing or transit, and against the denial of service to authorized users or the provision of service to unauthorized users, including those measures necessary to detect, document, and counter such threats.~~

~~**Institutional Participation Agreement (Agreement or IPA):** This is the contractual agreement between the Student Aid Commission and the schools that participate in the Cal Grant program. Schools must have a signed IPA on file with the Commission to participate in the Cal Grant program. The IPA is updated about every three to four years.~~

~~**Institutional Student Information Record (ISIR):** Institutional Student Information Record. The electronic record produced when the FAFSA is processed. An ISIR is sent to each college listed on the FAFSA and the state agency in the student's residence state. The ISIR contains all of the SAR data, plus the student's National Student Loan Data System (NSLDS) records.~~

~~**Non-public Personal Information (NPI):** Such information includes Personally identifiable financial information— provided by a consumer to a financial Institution; resulting from any transaction with the consumer or any service performed for the consumer; or otherwise obtained by the financial Institution. Such term does not include publicly available information.~~

~~**OPE ID:** Office of Postsecondary Education Identification provided by the U.S. Department of Education. A six (6) digit number followed by a two (2) digit suffix.~~

**APPENDIX A**

~~**Overaward:** The condition of disbursing financial aid in excess of the amount for which the student is eligible.~~

~~**Part-time:** A part-time student is one who is taking 6-11 units or its equivalent. A student enrolled for 9-11 units or its equivalent is considered  $\frac{3}{4}$  time and a student enrolled for 6-8 units or its equivalent is considered  $\frac{1}{2}$  time. Eligibility for part-time enrollment is as follows:  
A student enrolled  $\frac{3}{4}$  time status will be awarded 75 percent of a full-time award  
A student enrolled  $\frac{1}{2}$  time status will be awarded 50 percent of a full-time award~~

~~**Password:** A combination of alpha-numeric symbols used with a user id to gain access to a computer system.~~

~~**Payment:** Disbursing Cal Grant funds to a student recipient directly, or depositing Cal Grants funds directly into the student's school account.~~

~~**Payment Period:** An academic term or other subdivision of an academic year for which financial aid funds are paid to a student.~~

~~**Pell Grant:** Federal financial aid program. The amount of the Pell Grant awarded to a renewal student must be subtracted from a renewal Cal Grant student's financial need.~~

~~**Personally Identifying Information (PII):** Any piece of information which information, which can potentially be used to uniquely identify, contact, or locate a single person.~~

~~**Proprietary Postsecondary Institution:** Non-public, for-profit educational Institution legally authorized to operate in the state of California.~~

~~**Public Postsecondary Institution:** The public Institutions of higher education in California include the UC system, CSU system and California Community College system.~~

~~**Qualifying Institution:** An Institution defined by the California Education Code (CEC) Section 69432.7(l)~~

~~**Recipient:** Student who has been awarded a Cal Grant by the Commission and has received a payment, taken a leave of absence from payment, or has been placed on Community College Reserve.~~

~~**Reconciliation:** Verification that Cal Grant funds are being disbursed to each student in the correct amounts and that all payments have been properly reported to the California Student Aid Commission. See "Term Reconciliation" and "Final Reconciliation."~~

~~**Residence:** See California residency. Every person has, in law, a residence. (CEC (CEC 68060))~~

~~Every person who is married or 18 years of age, or older, and under no legal disability to do so, may establish residence. (CEC 68061)~~

~~In determining the place of residence the following rules are to be observed:~~

~~—(a) There can only be one residence.~~

~~—(b) A residence is the place where one remains when not called elsewhere for labor or other special or temporary purpose, and to which he or she returns in seasons of repose.~~

APPENDIX A

- ~~—(c) A residence cannot be lost until another is gained.~~
- ~~—(d) The residence can be changed only by the union of act and intent.~~
- ~~—(e) A man or woman may establish his or her residence. A woman's residence shall not be derivative from that of her husband.~~
- ~~—(f) The residence of the parent with whom an unmarried minor child maintains his or her place of abode is the residence of the unmarried minor child. When the minor lives with neither parent his or her residence is that of the parent with whom he or she maintained his or her last place of abode, provided the minor may establish his or her residence when both parents are deceased and a legal guardian has not been appointed.~~
- ~~—(g) The residence of an unmarried minor who has a parent living cannot be changed by his or her own act, by the appointment of a legal guardian, or by relinquishment of a parent's right of control.~~
- ~~—(h) An alien, including an unmarried minor alien, may establish his or her residence, unless precluded by the Immigration and Nationality Act (8 U.S.C. 1101, et seq.) from establishing domicile in the United States.~~
- ~~—(i) The residence of an unmarried minor alien shall be derived from his or her parents pursuant to the provisions of subdivisions (f) and (g). (CEC 68062)~~

~~**Roster:** See Grant Roster~~

~~**(SAP)**~~

~~**Security, Integrity or Confidentiality Incidents:** Any event that reflects an unauthorized access, loss, disclosure, destruction, modification or misuse to a computer system, network or data. Each incident must be reported immediately to the Commission, with a follow-up written report of the incident signed by the AO and the Institution's Chief Executive Officer submitted within 10 business days to the Commission's Information Security Officer.~~

~~**Selection:** The Commission's review of applicant eligibility and awarding of Cal Grants.~~

~~**SEOG:** See Federal Supplementary Educational Opportunity Grant.  
—see Center/Site.~~

~~**State Controller's Office (SCO):** State agency that authorizes and issues payment and advances of Cal Grant funds to participating schools.~~

~~**Storage Media:** Any device capable of holding information. This can include paper records, CDROM/DVD type devices, USB/memory type devices or disk drives.~~

~~**System Administrator (SA):** Individual tasked to perform System Administrator-related tasks on the GDS WebGrants system on behalf of the Institution (i.e., accounts create/delete). There are a maximum of two (2) SAs assigned per Institution; however, individual campus locations may have their own respective SAs, provided they perform such tasks as specified above for the individuals attending the Institution at that campus location.~~

~~**TCP: Teaching Credential Program,** as used in relation to the Cal Grant program is a post-baccalaureate program of study that leads to a California teaching credential. Cal Grant benefits for students in a Teaching Credential Program are referred to as TCP benefits.~~

**Term:** Refers to a school's academic term or Cal Grant payment period in the case of a non-term based Institution.

**Term Reconciliation:** The reconciliation of all term Cal Grant funds received and disbursed by the Institution no later than sixty (60) days after the end of each term.

**Title IV Programs:** See Federal Title IV Programs. Those federal student aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. Includes: the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study, Federal Perkins Loan, Federal Stafford Loan, Federal PLUS Loan, Direct Loan, Direct PLUS Loan, the Leveraging Educational Assistance Partnership (LEAP), and the Special Leveraging Educational Assistance Partnership (SLEAP).

**Unencrypted:** Data that has not been encrypted to prevent potential unauthorized use or disclosure.

**USED: United States Department of Education (Also, DOE, USED), ED** See “Department of Education, U.S.” This agency of the federal government that administers federal assistance to students enrolled in postsecondary educational programs. USED programs include: Federal Pell Grant, Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work Study (FWS), Federal Family Education Loan (FFEL) Programs, and William D. Ford Federal Direct Loan (Direct Loan) Program.

**User ID:** A unique series of alpha numeric symbols required for by an individual to access a computer system. Each student is assigned a CSAC ID to access their account in WebGrants.

**WebGrants:** The Student Aid Commission's Internet based access to the Cal Grant Delivery System database. Schools can review their Cal Grant rosters and report payments and student demographic changes to the Commission.

APPENDIX ~~BA~~

## PROGRAM AND FISCAL RECORDS

Program and Fiscal Records include, but are not limited to:

## A. Student eligibility:

- 1) Documentation of California residency
- 2) Income and asset documentation (ISIR)
- 3) High school graduation verification
- ~~4) \_\_\_\_\_~~
- 4) Need analysis and packaging information for each recipient to support ~~renewal~~ ~~unmet~~ financial need reported to Commission and to support final award package
- ~~2) and Institutional Student Information Record (ISIR)~~
- 5) Award letters, Full academic transcripts and Add/Drop Screens (SAP and enrollment verification)
- ~~3) \_\_\_\_\_~~
- 6) Enrollment agreements (if applicable)
- 7) Declaration of academic major/program and program length
- ~~4) \_\_\_\_\_~~
- 8) Cost of Attendance (Student Expense Budgets)
- 9) Documentation of Professional Judgment (if applicable)
- ~~5) Resolution of ISIR elements requiring resolution under federal law or statute.~~
- ~~10) \_\_\_\_\_~~
- 11) Student Ledger (receipt of Cal Grant funds and all other financial aid received)
- ~~6) 12) Citizenship status confirmation~~

## B. Institution Eligibility

- 1) The current authority to operate from the California Bureau for Private Postsecondary ~~and Vocational~~ Education, if applicable
- 2) Written policies and procedures for the Institution's administration of Commission programs
- 3) All application school catalogs, ~~and~~ term academic calendars, and documentation describing course lengths
- 4) The most recent Independent Auditor's Report (Financial Statements and OMB Circular A-133 Compliance) and the Institution's audit response

APPENDIX ~~BA~~

## PROGRAM AND FISCAL RECORDS

~~5) The latest Fiscal Operation Report and Application to Participate (FISAP), Part VI, Section A (Program Summary for Award Year)~~

~~6) [Audit and Program Review Reports \(i.e. USED accrediting agency\)](#)~~

~~7) [Information and Security Agreements and forms](#)~~

~~4) [The school's current organizational chart.](#)~~

~~8) \_\_\_\_\_~~

C. ~~Fiscal Administration~~

~~1) Detailed Cal Grant fund ledger(s) that show the deposit of Commission advances and disbursement of grant awards for the award year. Ledgers must contain a beginning and ending balance.~~

~~2) Bank statements identifying the deposit of Cal Grant advances for the award year. If Cal Grant deposits combined with other deposits, keep deposit slips detailing each item deposited.~~

~~3) Chart of accounts and financial aid account related codes~~

~~4) Individual student account ledgers~~

~~5) Proof of receipt of "Access" and "Books and Supply" funds by student, such as:~~

~~i. Front and back copies of negotiated checks~~

~~ii. [InstitutionSchool](#) bank statement used for tracking each student's payment(s), or~~

~~iii. Written authorization from the student to credit payment to other school charges~~

~~6) Accounting procedures necessary to explain the application or distribution of Cal Grant funds~~

~~7) Refund payments made to the Commission [\(i.e. invoices\)](#)~~

~~4)8) [Earned interest payments made to the Commission](#)~~

~~C. [WebGrants Information Security and Confidentiality Agreement and user forms](#)~~

~~D. [Your current organizational chart](#)~~

~~E. [Any other records that the school feels are pertinent to explaining the Institution's administration of the grant program](#)~~

**APPENDIX C COMMUNITY COLLEGE RESIDENCY REGULATIONS**

Title 5, California Code of Regulations (CCR), Sections 54020-54024:

~~54020: In order to establish a residence, it is necessary that there be a union of act and intent. To establish residence, a person capable of establishing residence in California must couple his or her physical presence in California with objective evidence that the physical presence is with the intent to make California the home for other than a temporary purpose.~~

~~54022: (a) A person capable of establishing residence in California must be physically present in California for one year prior to the residence determination date to be classified as a resident student.~~

~~(b) A temporary absence for business, education or pleasure will not result in loss of California residence if, during the absence, the person always intended to return to California and did nothing inconsistent with that intent.~~

~~(c) Physical presence within the state solely for educational purposes does not constitute establishing California residence regardless of the length of that presence.~~

~~54024: (a) Intent to make California the home for other than a temporary purpose may be manifested in many ways. No one factor is controlling.~~

~~(b) A student who is 19 years of age or over, and who has maintained a home in California continuously for the last two years shall be presumed to have the intent to make California the home for other than a temporary purpose unless the student has evidenced a contrary intent by having engaged in any of the activities listed in subdivision (f)~~

~~(c) A student who is under 19 years of age shall be presumed to have the intent to make California the home for other than a temporary purpose if both the student and his or her parent have maintained a home in California continuously for the last two years unless the student has evidenced a contrary intent by having engaged in any of the activities listed in subdivision (f).~~

~~(d) A student who does not meet the requirements of subdivision (b) or subdivision (c) shall be required to provide evidence of intent to make California the home for other than a temporary purpose as specified in subdivision (e).~~

~~(e) Objective manifestations of intent to establish California residence include but are not limited to:~~

- ~~(1) Ownership of residential property or continuous occupancy of rented or leased property in California.~~
- ~~(2) Registering to vote and voting in California.~~
- ~~(3) Licensing from California for professional practice.~~
- ~~(4) Active membership in service or social clubs.~~
- ~~(5) Presence of spouse, children or other close relatives in the state.~~
- ~~(6) Showing California as home address on federal income tax form.~~
- ~~(7) Payment of California state income tax as a resident.~~
- ~~(8) Possessing California motor vehicle license plates.~~
- ~~(9) Possessing a California driver's license.~~
- ~~(10) Maintaining permanent military address or home of record in California while in armed forces.~~

**APPENDIX C — COMMUNITY COLLEGE RESIDENCY REGULATIONS**

- ~~(11) Establishing and maintaining active California bank accounts.~~ -
- ~~(12) Being the petitioner for a divorce in California.~~ -

~~(f) Conduct inconsistent with a claim of California residence includes but is not limited to:~~

- ~~(1) Maintaining voter registration and voting in another state.~~ -
- ~~(2) Being the petitioner for a divorce in another state.~~ -
- ~~(3) Attending an out-of-state Institution as a resident of that other state.~~ -
- ~~(4) Declaring nonresidence for state income tax purposes.~~ -



Institutional Participation Agreement 2012-16

Comments Received with Proposed Changes by Commission Staff

Item # 1 on Page 2 (finalized IPA) and page 2 IPA with tracking

**Article I: Cal Grant Program Administration – Participation (2nd paragraph):**

The Institution desires to participate as an agent of the Commission for the limited purpose of taking part in the Commission’s internal procedure for the administration of the Cal Grant Program. This Agreement governs the terms and conditions of the Institution’s eligibility....

CCCSFAAA	<b>Article I, 2nd paragraph:</b> We do not understand this language...what internal procedures?
CASFAA	<b>Article I, 2nd paragraph:</b> We do not know of any institutions that wish to participate in the inner procedures of the Commission, as we understand that to mean, and request clarification of that section.

**April 27-** Commission Staff Proposes: Commission staff **supports** CASFAA’s comment that clarification is needed. After review, Commission staff determined that **the first sentence will be eliminated.**

The proposed change is: The paragraph will start with **“This Agreement governs the terms and conditions of the Institution’s eligibility....”**

Item # 2 on Page 2 and page 2 IPA with tracking

**Article I: Cal Grant Program Administration – Participation (last paragraph):**

In the event of any inconsistency between any of the provisions of this Agreement and applicable federal or state law or regulation, the law or regulation shall prevail over the conflicting provision and the remaining provisions of this Agreement shall remain in full force and effect.

CCC	<b>Article I, last paragraph:</b> Suggest amending to read: <i>In the event of any inconsistency between any of the provisions of this Agreement and applicable federal or state law or regulation, the law or regulation shall prevail over the conflicting provision ....</i>
<b>CCCSFAAA</b> 04/11/12	<b>Article I, last paragraph:</b> Who is the arbitrator when CSAC and the institutions disagree on the law?

**March 30 -** Commission Staff Proposes: Support the CCC recommendation to **add** “regulation” to Article I, last paragraph.

The proposed change is: “In the event of any inconsistency between any of the provisions of this Agreement and applicable federal or state law or regulation, the law **or regulation** shall prevail over the conflicting provision and the remaining provisions of this Agreement shall remain in full force and effect.”

**April 27 -** Commission Staff Proposes: In response to CCCSFAAA question – **no change.** Participants or institutions have the opportunity to submit their concerns to Commission staff, management staff and Commissioners for resolution.

Institutional Participation Agreement 2012-16

Comments Received with Proposed Changes by Commission Staff

Item # 3 on Page 3 and page 4 IPA with tracking

Article II: Cal Grant Program Administration – General Provisions, Part J:

J. The Institution agrees to inform the Commission of all consortium and contractual agreements between the Institution and any other institution or organization, whether eligible or ineligible for federal student aid, attended by Cal Grant recipients and for which the Institution receives Cal Grant funds. The Institution shall provide the Commission with copies of the consortium and contractual agreements upon request.

CASFAA	<b>Article II, Part J:</b> We assume that the intention here is to refer to contracts for academic programs that an institution may have with other higher education institutions. However, without defining language, this section could include any legal contract entered into by the Institution, including construction contracts, services contracts, etc. We recommend that this section be amended as follows: "...contractual agreements <b>to provide academic programs</b> between..."
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**April 27 - Commission Staff Proposes: No change** to paragraph. The language used parallels language used by United States Department of Education (USED). The Commission's process and/or requirements are consistent to those used by USED such as audit reviews.

Item # 4 on Page 3 and page 4 IPA with tracking

Article II: Cal Grant Program Administration – General Provisions, Part K:

K. As a condition for its voluntary participation in the Cal Grant Program, the Institution shall annually report to the Commission, as specified in regulations adopted by the Commission, both of the following for its undergraduate programs:

- 1) Enrollment, persistence, and graduation data for all students, including aggregate information on Cal Grant recipients.
- 2) The job placement rate and salary and wage information for each program that is either
  - (i.) designed or advertised to lead to a particular type of job; or
  - (ii.) advertised or promoted with any claim regarding job placement.

CCC	<b>Article II, Part K:</b> We strongly suggest that the Commission begin the consultation and regulatory process immediately so that institutions are aware of the regulatory requirements before being asked to sign the revised IPA.
CCC: Sierra College, Barbara Brown	<b>Article II, Part K, Subparts 1 &amp; 2:</b> What is the definition of "aggregate information on Cal Grant recipients"? Will the information provided through [the Management Information System] (MIS) and federal reporting requirements meet the requirements in this section of the IPA?
<b>CASFAA</b> 04/13/12	<b>Article II, Part K, Subparts 1 &amp; 2:</b> We strongly support requests by other groups and associations asking the Commission to seek technical legislation delaying implementation of SB 70 reporting requirements to give the Commission the time needed to promulgate good regulations, and institutions the time needed to revise their systems to comply with those requirements. We recommend that an amendment to the IPA be written that references those regulations, after the regulations have been written. In addition, we request that the provision <b>(K)(2)</b> be regulated to align with current

Institutional Participation Agreement 2012-16

Comments Received with Proposed Changes by Commission Staff

	federal Gainful Employment reporting requirements to enable colleges to more quickly adapt any new Cal Grant requirements.
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<b>March 30</b> - Commission Staff Proposes: Consultation will be provided through the public comment period during the SB 70 regulatory process.
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<b>April 27</b> - Commission Staff Proposes: In response to CASFAA comments – <b>no change</b> . Consultation will be provided through the public comment period during the SB 70 regulatory process.
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**Item # 5 on Page 6 and pages 7-8 IPA with tracking**

**Article IV: Cal Grant Program Administration – Disbursement – Institutional Responsibilities, Part B, Subpart 7, Footnote 2:**

B. Confirmation of Eligibility....

- 7) The recipient meets the California State residency requirements for at least one year as of the residence determination date with the exception of those students eligible under CEC 68130.5.
  - b. Public Institutions shall continue to use the procedures or rules and regulations instituted by their respective governing boards for determining California residency, including resolving conflicting information in the possession of the Institution [CEC 68044].<sup>2</sup>

<sup>2</sup>CSAC acknowledges the validity of differing residency requirements among the segments of California postsecondary education. Nevertheless, the Commission strongly recommends that in the case of a student who has been determined to be a resident, has received a Cal Grant, and then transfers to another California postsecondary Institution, that Institutions NOT REESTABLISH residency requirements only in relation to the reception of the student’s Cal Grant.

CCC: Sierra College, Barbara Brown	<b>Article IV, Part B, Subpart 7, Footnote 2</b> (for Items a & b): Recommending that Institutions “NOT REESTABLISH” residency requirements for transferring Cal Grant students is contradictory to the IPA sections on (1) the options allowed to determine a residence date and (2) resolving conflicting information “available at the institution which shows inconsistency with a claim of CA residency.”
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<b>March 30</b> - Commission Staff Proposes: <b>No change</b> . Residency is determined by institutions and the current process provides portability of the Cal Grant Program for students.
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Institutional Participation Agreement 2012-16

Comments Received with Proposed Changes by Commission Staff

Item # 6 on Page 8 and page 10 IPA with tracking

Article IV: Cal Grant Program Administration – Disbursement – Institutional Responsibilities, Part B [should be Part C, not B], Subpart 1, and Item g:

**B/C: Disbursement of Cal Grant Funds**

- 1) Establish and maintain a written disbursement policy for each educational program, if different from the standard disbursement policy used by the Institution. Each participating Institution must have a published term-by-term calendar identifying the Institution’s course “add/drop” and / or enrollment census dates or the equivalent and must produce the written calendar upon request.
- g. Disburse Cal Grant payments based on the recipient’s enrollment status at the time of payment using the Institution’s add/drop date, census date, or its equivalent.

<p>CCCSFAAA</p>	<p><b>Article IV, Part B (should be C), Subpart 1 &amp; Item g:</b> Change wording in B(1) to " add/drop" and or <b>financial aid</b> enrollment census dates...". This section defines the census or freeze date more narrowly than federal regulations. Federal regulations allow colleges to set their own financial aid "census" date, but this seems to require that it align with the institution's drop/add or enrollment census date. That could result in different enrollment statuses for Cal Grant than for federal programs.</p> <p>This is further confused by section (g) which says to disburse "payments based on the recipient’s enrollment status at the time of payment using the Institution’s add/drop date, census date, or its equivalent." For students who are awarded after the census date, "time of payment" and "census date" can be two different enrollment statuses. The current wording is ambiguous.</p>
<p>CASFAA</p>	<p><b>Article IV, Part B (should be C), Subpart 1 &amp; Item g:</b> We find the discussion of census dates unclear and confusing. Federal Title IV student aid regulations allow colleges to establish a financial aid census or "freeze" date to lock in student's enrollment statuses for the payment period. This date is often different than the census date set by the Registrar's Office that the institution may have for reporting enrollment data to federal or state agencies. For example, the financial aid office may select later dates to allow for late attendance reporting by faculty and to protect against fraud by ensuring that students have attended a class a sufficient amount of time before disbursing all financial aid. We believe that this is also the intent of this section and recommend that the wording be amended to which census date is referred to: ...equivalent <b>and/or financial aid census dates</b>....</p>

**April 27 - Commission Staff Proposes:** Commission staff **supports** CCCSFAAA’s recommendation to include “**financial aid census date**” which provides more clarification.

The proposed changes are:

“**C(1)** Each participating Institution must have a published term-by-term calendar identifying the Institution’s course “add/drop” and / or **financial aid** enrollment census dates or the equivalent and must produce the written calendar upon request.”

“**C(1)g.** Disburse Cal Grant payments based on the recipient’s enrollment status at the time of payment using the Institution’s add/drop date, **financial aid** census date, or its equivalent.”

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Comments Received with Proposed Changes by Commission Staff

Item # 7 on Page 8 and page 10 IPA with tracking

Article IV: Cal Grant Program Administration – Disbursement – Institutional Responsibilities, Part B [should be Part C, not B], Subpart 1, Item a:

**B/C: Disbursement of Cal Grant Funds**

- (1)a. Disburse Cal Grant funds to eligible recipients within fifteen (15) business days of determination of enrollment status when Cal Grant funds are available in the Institution’s account.

<p>CCC: Sierra College, Barbara Brown</p>	<p><b>Article IV, Part B (should be C), Subpart 1, Item a:</b> This paragraph says to disburse Cal Grant funds within 15 days of determination of enrollment status. According to Paragraph B.1.g, institutions would have to use the add/drop deadline, census date, or equivalent to establish enrollment. So, no Cal Grant funds could be disbursed later than 15 days after the add/drop deadline, census date, or equivalent? Would it be better to say within 15 days of “<i>determination of eligibility by the Institution</i>”?</p>
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**March 30** - Commission Staff Proposes: **No change.** Institutions must follow their current disbursement policy of Cal Grant awards.

Item # 8 on Page 8 and page 10 IPA with tracking

Article IV: Cal Grant Program Administration – Disbursement – Institutional Responsibilities, Part B [should be Part C, not B], Subpart 1, Item b:

**B/C: Disbursement of Cal Grant Funds**

- (1)b. Disburse no more than that which the recipient is eligible to receive per payment period. The award to a non-full-time recipient shall be prorated based on the participant’s enrollment status. [CEC 69433.5(b), CEC 69432.7(f)].

<p>USC</p>	<p><b>Article IV, Part B, Subpart 1, Item b:</b> Can CSAC clarify if we can award the Cal Grant to students who are enrolled less than half time? In reading CEC 69433.5 it looks like we might be able to provide this aid to students who are enrolled less than half time.</p>
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**March 30** - Commission Staff Proposes: **Agree**, clarification is needed.  
  
The proposed change is: “**C(1)b.** Disburse no more than that which the recipient is eligible to receive per payment period. The award to a **half-time or three-quarter-time** recipient shall be prorated based on the participant’s enrollment status. [CEC 69433.5(b), CEC 69432.7(f)].”

Institutional Participation Agreement 2012-16

Comments Received with Proposed Changes by Commission Staff

Item # 9 on Page 10 and page 14 IPA with tracking

**Article V: Cal Grant Program Administration – Commission Responsibilities, Part G:**

G. Provide the Institution with information, training and ongoing assistance with respect to the Institution’s participation in the administration of the Cal Grant Program, and consult with the financial aid community as needed.

CASFAA	<b>Article V, Part G:</b> We believe that ongoing communication between the financial aid community and the Commission is vital to the success of the Cal Grant program and request this be changed to: "consult with the financial aid community <b>on a regular basis</b> ".
CCCSFAAA	<b>Article V, Part G:</b> We appreciate the reference to consultation, but stronger language is required to ensure better consultation than current practice. We suggest "as needed" be replaced with " <b>on a regular basis and when the financial aid community and/or other stakeholders request such consultation</b> ".

**April 27 - Commission Staff Proposes: Change the wording from “as needed” to “on a regular basis or as needed.”**

The proposed change is: **G.** Provide the Institution with information, training and ongoing assistance with respect to the Institution’s participation in the administration of the Cal Grant Program, and consult with the financial aid community **on a regular basis or as needed.**

Item # 10 on Page 11 and page 14 IPA with tracking

**Article V: Cal Grant Program Administration – Commission Responsibilities, Part P:**

P. Notify and instruct the Institution of any Cal Grant Program changes due to statute and/or procedure through Grant Operations Memos, Grant Special Alerts, Grant Policy Bulletins, and CGPM updates.

CSU	<b>Article V, Part P:</b> Consistent with prior recommendations from this segment, we again ask that the California Grant Programs Manual be kept current and in synch with policy and/or operational changes to the extent practicable. This is vital to ensure that campus personnel have access to an effective and accurate reference tool. This affirmation should be added to the IPA in Article V - Commission’s Responsibilities.
CCC	<b>Article V, Part P:</b> In our comments to the first draft of the IPA we strongly suggested some additional Commission responsibilities and reiterate those suggestions here: strengthened consultation with institutions and students, timely notification of changes to policy and operations, and timely release of rosters and funds to institutions upon passing of the state budget. In addition we suggest that the Commission’s responsibility to supply an up-to-date Program Manual be included here.
CCC Sierra College, Barbara Brown	<b>Article V, Part P:</b> There are several references in the draft IPA referring Institutions to specific chapters in the Cal Grant Program Manual. Will the Manual be updated to include information previously provided only in Grant Operations Memos, Grant Special Alerts, and Grant Policy Bulletins, as well as the new IPA?

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AICCU	<p><b>Article V, Part P:</b> AICCU does not agree with CASFAA’s additions to this section. AICCU suggests that the following sentence be added:</p> <p><i>“Institutions shall be provided with at least 30-day advance notice of changes”</i></p>
CASFAA	<p><b>Article V, Part P:</b> (Suggested <b>additional</b> text in <i>italic</i>):  <i>Unless the Commission faces an emergency change, institutions shall be provided at least 30-day advance notice of such changes, including a comment period so changes may be implemented in a manner that is least disruptive to Cal Grant recipients and so the Commission may benefit from collegial review of planned changes and implementation detail.</i></p> <p><b>Justification:</b> In comments on the first draft, the University of California requested a similar addition to the Commission’s responsibilities. This excellent suggestion was not incorporated into the 2nd draft. We do not know the reasons for its rejection. We have reworded the University’s recommendation and strongly urge the Commissioners to reconsider this addition. As stated in the proposed language, the primary benefit is student protection from disruption. If the institution has time to plan, train staff, alert relevant campus officials, and make changes to its own system as necessary, then Cal Grant program changes can be better managed and students better served. Additionally, CSAC staff could benefit from working together with the campus professionals to prevent unforeseen issues, errors, or miscommunication.</p>
<p><b>CCCSFAAA</b> 04/11/12</p>	<p>We appreciate the commitment to regular updates, but reiterate the request made frequently during these discussions: CSAC should maintain an updated Program Manual. We again ask the Commission to specify this responsibility in the IPA.</p>

**March 30** - Commission Staff Proposes: **Not support** the addition of a new subsection P.

**March 30** -Commission Staff Proposes: **Support** the CSU, CCC, AICCU, and CSAFAA recommendation for consultation with the financial aid community under subsection **G**.

The proposed change is: “**G**. Provide the Institution with information, training, and ongoing assistance with respect to the Institution’s participation in the administration of the Cal Grant Program, **and will consult with the financial aid community as needed.**”

**April 27** - Commission Staff Proposes: In response to CCCSFAAA, will **remove** “and Cal Grant Program Manual updates” from Article V, Part P, and **add a new paragraph “T”**.

The proposed changes are:

**P**. “Notify and instruct the Institution of any Cal Grant Program changes due to statute and/or procedure through Grant Operations Memos, Grant Special Alerts, and Grant Policy Bulletins.”

**New Part T**. “**Develop and maintain a procedure handbook that will guide financial aid staff in the administration of the Cal Grant Program. Updates of the handbook will occur on a regular basis or as needed.**”

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Comments Received with Proposed Changes by Commission Staff

Item # 11 on Page 11 and page 14 IPA with tracking

Article V: Cal Grant Program Administration – Commission Responsibilities, Part S:

S. Notify the Institution with a three-year cohort default rate that is equal to or greater than 30 percent as reported by the U.S. Department of Education that future Cal Grant advances will cease and that awards to returning renewal students will be through the supplemental payment process.

CASFAA	<p><b>Article V, Part S:</b> We request that the Commission specify language consistent with the statute. (e.g., Notwithstanding any other law, the requirements of this paragraph <b>shall not apply to institutions with 40 percent or less of undergraduate students borrowing federal student loans</b>, using information reported to the United States Department of Education for the academic year two years prior to the year in which the commission is certifying the three-year cohort default rate pursuant to subparagraph (A) [SB 70])</p>
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**April 27 - Commission Staff Proposes: Support** CASFAA's and CCCSFAAA's recommendation to cite the statute in this paragraph.

The proposed change is: **“S. Notify the institution that does not meet the requirement found in California Education Code 69432.7 that future Cal Grant advances will cease and those awards to returning renewal students will be through the supplemental payment process.”**

Item # 12 on Page 11 and page 14 IPA with tracking

Article V: Cal Grant Program Administration – Commission’s Responsibilities  
Add new “T” and “U” provisions:

UC	<p><b>Article V, new provision T:</b> We believe that the Commission should be expected to notify institutions in advance, when practicable, of any non-standard communication that the Commission intends to send to a broad group of Cal Grant recipients regarding any new or anticipated change in the Cal Grant program. Doing so would improve institutions’ ability to respond to the questions from students that such communications inevitably generate. This practice would also reduce the likelihood that students receive inconsistent information or instructions from the Commission and participating institutions. To achieve this, we recommend adding the following subpart to Article V:</p> <p><i>T. When practicable, Commission staff will notify participating institutions in advance of any non-standard communication that the Commission intends to widely disseminate to Cal Grant applicants or recipients.</i></p>
AICCU	<p><b>Article V, new provision T:</b> AICCU suggests the following language for this section:</p> <p><i>T. CSAC create a publications advisory group, with representation from students, parents, high school counselors, and financial aid professionals, to review Commission communications, including letters, publications, and its website.</i></p>
CASFAA	<p><b>Article V, new provisions T &amp; U:</b> <u>New provision T:</u> <i>T. The Commission shall consult with institutions and student representatives</i></p>

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	<p><i>regarding standardized communications with students in order to minimize confusion and inconsistent information.</i></p> <p><b>Justification:</b> In comments on the first draft, the University of California requested a similar addition to the Commission’s responsibilities. This excellent suggestion was not incorporated into the 2nd draft. We do not know the reasons for its rejection. We have reworded the University’s recommendation and strongly urge the Commissioners to reconsider this addition. Many students simply do not understand the complexities of student aid. For example, a letter telling them they are ineligible for Cal Grant is often misinterpreted to mean they are ineligible for student aid. Online content, in particular, is critical and should reflect the best thinking of the student aid community. Minor errors or omissions can result in harm to students. While there are no perfect communications, students could benefit from a collegial and peer review of standard forms, student notifications and web content. The campus aid professionals and student representatives, if given the opportunity, can provide valuable suggestions that may help student and family understanding of complex student aid messages.</p> <p><u>New Provision U:</u>  <b>U.</b> <i>The Commission shall maintain an updated, current, publicly available Cal Grant Program Manual and an updated, current, publicly available Cal Grant Program Audit Guide.</i></p> <p><b>Justification:</b> An up-to-date Program Manual is a valuable training and management tool, translating complex statutes into plain language and helping administrators, students, mentors and others understand the intricacies Cal Grant Programs. Additionally, program integrity is well served by the availability of an audit guide that can be shared with campus officials and used to explain the need for compliance activity and resources. Both of these publications are of little value when allowed to languish and become outdated.</p>
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**March 30** - Commission Staff Proposes: **Not support** the addition of new subsections “T” or “U”.

However, Commission staff **does support** recommendations from the UC, AICCU, and CASFAA to include consultation to the following subsection, **H**.

The proposed change is: **“H.** Develop forms, publications, and training curriculum for use in administering the Cal Grant Program. **The Commission will consult with students, parents, high school counselors, financial aid administrators, and other stakeholders as needed.”**

In addition, Commission Staff will meet to discuss the development of an audit guide. The Cal Grant Program Manual is currently under revision by Commission staff.

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Comments Received with Proposed Changes by Commission Staff

Item # 13 on Page 12 and page 16 IPA with tracking

Article VI: Cal Grant Program Administration – Information Security

[Section titled] Institution’s Administrative Authorization for Access and Roles/Responsibilities, Part G:

G. The Institution’s SA(s) will immediately disable the password and ID of any employee or agent of the Institution whose change in employment status or duties no longer requires access to the Commission’s network or data. Copies of this documentation of this shall remain at the Institution.

CCCSFAAA	<p><b>Article VI, [Section titled] Institution’s Administrative Authorization for Access and Roles/Responsibilities, Part G:</b>                  There is a typo in the sentence: “Copies of this documentation <b>of this</b> shall remain...”</p>
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**April 27 - Commission Staff Proposes: Typo found** and correction will be made. Should read – **“Copies of this documentation shall remain at the Institution.”**

Item # 14 on Page 13 and page 16 IPA with tracking

Article VI: Cal Grant Program Administration – Information Security

[Section titled] Essential Practices in Promoting and Implementing Information Security, Part B:

B. Confidential Commission data or assets that are no longer required for use by the Institution, are not required for Commission to conduct compliance reviews or are determined by the Commission to be subject to return or destruction, shall be returned or destroyed in a secure manner, *ensuring that no reconstruction or derivation of the data, media or materials is possible at a mutually agreeable time or contract.*

CCCSFAAA	<p><b>Article VI, [Section titled] Essential Practices in Promoting and Implementing Information Security, Part B:</b>                  We do not understand the last portion (which has been italicized in the above copy of the statement).</p>
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**April 27 - Commission Staff Proposes: Support** CCCSFAAA’s recommendation to provide clarification.  
  
 The proposed change is: Section will change to “...ensuring that no reconstruction or derivation of the data, media or materials is possible **according to the California Civil Code Section 1798 et seq; Government Code Section 6250 et seq. and the State Accounting Manual (SAM) Chapter 5300.**”

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Comments Received with Proposed Changes by Commission Staff

Item # 15 on Page 15 and page 19 IPA with tracking

Article VII: Corrective Measures, Part B:

B. The Commission will provide the Institution written notice of its intent to impose one of these corrective measures thirty (30) calendar days prior to implementation of such action, unless the egregious nature of the violation of the Agreement warrants that the Commission take immediate action to protect State funds. In that case, the Commission may take immediate action to stop any further transfer of State funds to the Institution during the pendency of any appeal by the Institution.

CCC	<b>Article VII, Part B:</b> We suggest adding a period of Warning or Probation to this process so that schools are afforded opportunity to improve operations on their own before being subject to sanctions.
Univ of Phoenix 04/11/12	<b>Article VII, Part B:</b> Add [following bolded text and make indicated changes to the above statement]: <b>Prior to undertaking any corrective measure,</b> <del>the</del> Commission will provide the Institution written notice of its intent to impose <b>any one of these</b> corrective measures thirty (30) calendar days....

<b>March 30</b> - Commission Staff Proposes: Recommend <b>no change</b> . Current practice allows sufficient time for institutions to resolve non-compliance issues.
<b>April 27</b> - Commission Staff Proposes: Recommend <b>no change</b> . Current practice allows sufficient time for institutions to resolve non-compliance issues.

Item # 16 on Page 16 and page 20 IPA with tracking

Article VIII: Agreement Duration, Part A(2):

This Agreement is effective when it is executed by the Commission’s representative. This is generally later than its execution by the Institution’s representative. It supersedes any prior Agreements executed between the Commission and the Institution.

- A. The Agreement automatically terminates with any of the following occurrences.
- 1) The Institution closes or stops providing eligible educational programs.
  - 2) The Institution’s federal Program Participation Agreement is terminated.

Univ of Phoenix	<b>Article VIII, Part A(2):</b> Recommend that clarifying language be added to provide for the routine circumstance when the [US] Department [of Education] may administratively extend a [Program Participation Agreement] PPA for an institution and/or replace a PPA in due course. We would suggest [adding the following bolded text]: <b>2) The Institution’s federal Program Participation Agreement is terminated. This shall exclude circumstances when an Institution's federal Program Participation Agreement has been:</b> <b>- administratively extended on a month-to-month basis by the Department; or</b> <b>- replaced by a new, temporary or provisional PPA.</b>
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<b>April 27</b> - Commission Staff Proposes: Recommend <b>no change</b> . Current practice follows the U.S. Department of Education’s determination of active participating institutions with eligible Program Participation Agreements.
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Institutional Participation Agreement 2012-16

Comments Received with Proposed Changes by Commission Staff

Item # 17 on Page 16 and page 21 IPA with tracking

Article VIII: Agreement Duration, Part B:

B. The Commission's representative may terminate this Agreement in writing for the following occurrences.

Univ of Phoenix	<b>Article VIII, Part B:</b> [We recommend adding the following bolded text]: The Commission's representative <b>may initiate an action to</b> terminate this Agreement in writing for the following occurrences.
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**April 27 - Commission Staff Proposes: Recommend no change.** Current practice allows sufficient time for institutions to resolve non-compliance issues.

Item # 18 on Page 16 and page 21 IPA with tracking

Article VIII: Agreement Duration, Part B(1):

B. The Commission's representative may terminate this Agreement in writing for the following occurrences.

- 1) The Institution does not demonstrate that they can provide adequate administration of the Cal Grant Program(s).

CASFAA	<b>Article VIII, Part B(2):</b> This section provides for termination from the program if the institution "does not demonstrate that they can provide adequate administration of Cal Grant programs." It is unclear if this refers to staffing levels or other measures. We request a more specific definition or other information that defines "adequate administration" and can help inform institutions if they meet this standard.
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**April 27 - Commission Staff Proposes: No change.** Commission conducts institution reviews, analyzes and provides corrective recommendations on a case-by-case basis depending on the specific situations related to the Cal Grant Program.

Item # 19 on Page 16 and page 21 IPA with tracking

Article VIII: Agreement Duration, **Add a New Parts C, D, & E:**

Univ of Phoenix	<p><b>Article VIII, New Part C:</b> <b>C.</b> Prior to initiating any action to terminate an Institution's Agreement, the Commission's representative will provide the Institution written notice of its intent to terminate the agreement and the specific basis for the proposed action not less than thirty (30) calendar days prior to initiation of such action.</p> <p><b>Article VIII, New Part D:</b> Add the language from Article VII, Part C. <b>D.</b> The Institution shall be permitted to submit, and the Commission shall consider, a response to such notice, including any legal and factual reasons why such corrective measure should not be imposed. Such response shall be submitted within fifteen (15) calendar days of receipt of Commission's written notice of its intent to impose such measure. The Commission has thirty (30) calendar days to consider the Institution's response to the notice. The Institution will be informed of the date, time</p>
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	<p>and location of the public meeting at which the Commission will discuss the Institution’s response and the Commission’s decision thereon. The Institution will be provided with an opportunity to address the Commission.</p> <p><b>Article VIII, <i>New Part E</i>:</b> Add the language from Article VII, Part D.  <b>E.</b> Within five (5) business days following the meeting, the Commission will issue, in writing, to the Institution its final decision on the matter.</p>
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**April 27** - Commission Staff Proposes: Recommend **no change**. Current practice allows sufficient time for institutions to resolve non-compliance issues.

Item # 20 on Page 23 and page 34 IPA with tracking

**Appendix A, Part A, subpart 3:**

**Program and Fiscal Records** include, but are not limited to:

- A. Student eligibility:
  - 1) Documentation of California residency
  - 2) Income and asset documentation (ISIR)
  - 3) High school graduation verification

AICCU	<b>Appendix B [now Appendix A], Part A, subpart 3:</b> AICCU does not agree with CASFAA’s addition of the word “graduation” to this item and suggests leaving it as written by CSAC.
CASFAA	<b>Appendix B [now Appendix A], Part A, subpart 3:</b> High school <i>graduation</i> verification.

**March 30** - Commission Staff Proposes: **Support** CASFAA’s recommendation to include “graduation”.

The proposed change is: **3)** “High school **graduation** verification.”