

**Information Item**

***Grants and Programs Committee***

Update on the Development of a  
New Cal Grant Institutional Participation Agreement

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The Institutional Participation Agreement (IPA) is undergoing its first comprehensive review since the implementation of Senate Bill 1644 which became effective with the 2001-2002 school year.

Over the course of the past few months, CSAC staff have been reviewing and revising the current IPA which will expire June 30, 2007. The IPA is the managing document in place between institutions and the Commission. It specifies the requirements for institutional participation in the Cal Grant programs.

Unlike the previous IPA review process undertaken in late 2003 through early 2004, CSAC staff wishes to ensure the most comprehensive input from stakeholders, control agencies and others in the development of a new IPA. As such, an internal planning timeline for the review and execution of a new IPA was developed by CSAC staff to guide work on this issue and ensure multiple points of input from stakeholders, control agencies and others prior to final Commission action on a new IPA. This internal planning timeline was provided to the Grant Advisory Committee (GAC) for input at their March 9, 2006 workgroup meetings and at the GAC meeting of March 10, 2006. Modifications were made to the internal planning timeline as suggested by GAC which included earlier solicitation of feedback by CSAC of schools and sharing this feedback with GAC earlier in the process.

As planned, on May 23, 2006, a request was made to participating institutions for initial comments and suggestions on potential revisions to the IPA. To date, responses have been received from 43 schools representing the major educational segments. These responses are summarized in the enclosed documents.

In late May, CSAC Executive Director Diana Fuentes-Michel sent a letter to the Commission reporting on efforts up to that date on revision of the IPA.

On June 20, 2006, an informational e-mail was sent by CSAC staff to GAC reminding them of the review process and potential revision of the IPA prior to the expiration of the current IPAs and the execution of

new IPAs. On June 30, 2006, all feedback received by CSAC staff from schools was sent to GAC via mail.

Input on the development of a new IPA was solicited from the Advisory and Enhancements workgroup meeting at their July 20, 2006 meeting.

To further ensure that participating institutions are given an opportunity to provide their feedback on suggested revisions to the IPA, several schools are also being scheduled for visits by CSAC staff to discuss the IPA and other related program issues.

The enclosed working IPA draft was presented at the GAC workgroup meeting of August 3<sup>rd</sup> and the GAC meeting of August 4<sup>th</sup>, 2006, with the understanding that it was a working document and would likely change substantially throughout the continuing review by CSAC staff.

This item is being presented to the Commission with enclosures, to update the Commission on CSAC staff progress and solicit any comments and feedback as CSAC staff continues its work.

For your reference, enclosed are the following documents:

- California Student Aid Commission Institutional Participation Agreement (IPA) internal timeline.
- A copy of Commission's Executive Director's letter dated May 23, 2006 soliciting input from participating schools;
- A copy of the current IPA;
- A list of those institutions that provided input after the May 23 solicitation;
- A summary of responses and institutional comments received through the beginning of July 2006;
- A copy of the email message to the Grant Advisory Committee dated June 20, 2006;
- A working draft of the new IPA.

**Recommended Action:** For Information Only. No action required.

**Responsible Staff:** Max Espinoza, Chief  
Program Administration & Services Division

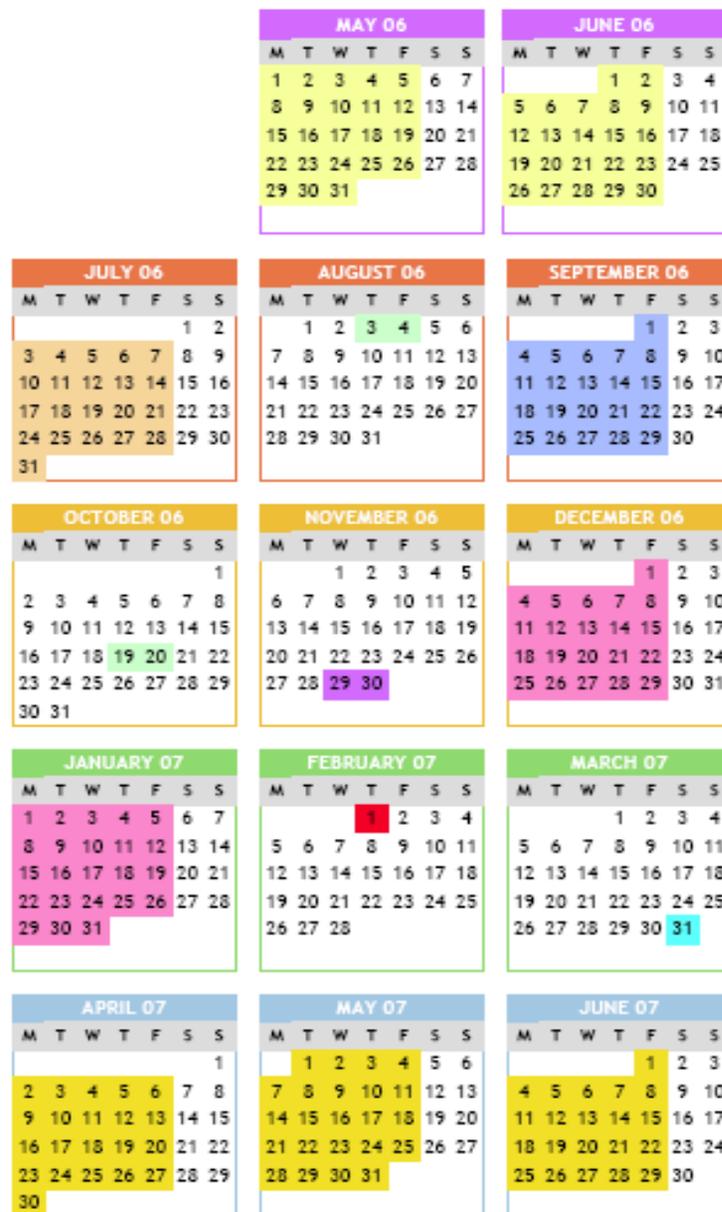
Bryan Dickason, Acting Manager  
School Support Services Branch

Cora Manuel, Senior Training Analyst  
School Support Services Branch

# CALIFORNIA STUDENT AID COMMISSION INSTITUTIONAL PARTICIPATION AGREEMENT (IPA) INTERNAL TIMELINE

2006-2007 CALENDAR

1. **May/June**
  - Begin discussion with internal IPA Work Group regarding revisions to IPA
  - Send communication to schools to request input on updating IPA
  - Present input received from schools and site visits to GAC
  - Commission to review timeline
2. **July**
  - Continue discussion with internal IPA Work Group on IPA revisions
  - Prepare first draft of IPA
3. **August**
  - Present first draft to GAC, schools, Governor's Office, Office of Secretary of Education, Department of Finance, and Legislative Analyst Office for review
  - Begin school site visits by Executive Director
4. **September**
  - Make any necessary revisions to draft
  - Provide Commission with IPA update at regularly scheduled meeting
  - Continue school site visits by Executive Director
5. **October**
  - Present final draft to GAC, schools, Governor's Office, Office of Secretary of Education, Department of Finance, and Legislative Analyst Office for review
  - Make any revisions to draft
6. **November 29/30**
  - Present proposed IPA to Commissioners at their meeting
7. **December/January**
  - Update IPA databases
  - Update IPA survey material, cover letter, checklist, etc.
8. **February 1**
  - Send *Operations Memo* to schools regarding IPA renewal process and requirements
9. **March 31**
  - Deadline for submission of IPAs material from Schools
  - Send *Special Alert* reminding schools of IPA deadline.
10. **April/May/June**
  - Review IPA material received from schools
  - Follow-up with schools on missing information
  - Submit IPA material to branch manager and division chief for review and approval



**Note: This timeline is subject to change.**

# CALIFORNIA STUDENT AID COMMISSION

Office of the Executive Director

May 23, 2006



CEO/President/Chancellor  
Name of School  
Street Address  
City, Zip Code

Dear:

The California Student Aid Commission (Commission) is in the process of reviewing and potentially revising the current Institutional Participation Agreement (Agreement) in preparation for their expiration and the execution of new Agreements in June 2007. As provided in state law, the Agreement is the managing document in place between schools and the Commission which specifies the requirements for institutional participation in the Cal Grant Programs.

In order to develop an agreement that explicitly addresses the various areas of responsibility for schools; by virtue of this letter, we are asking school officials to review the current Agreement and provide feedback on suggested changes and identify specific areas that you may feel require further clarification in the Agreement. You and your staff's understanding of this document is critical because a school must have a signed Agreement in place to participate in the Cal Grant program and commits to following the Agreement's provisions by signing the Agreement.

The Agreement specifies requirements for schools such as state regulatory guidelines as specified in the California Education Code (CEC) 69432.7(k):

"...Prior to disbursing any Cal Grant funds, a qualifying institution shall be obligated, **under the terms of its institutional participation agreement with the commission**, to resolve any conflicts that may exist in the data the institution possesses relating to that individual."

And CEC 69432.8:

"...Each institution shall disburse the funds **in accordance with the provisions set forth in the institutional agreement between the commission and the institution.**"

The Agreement is undergoing its first comprehensive review since the implementation of Senate Bill 1644 which became effective with the 2001-2002 school year. Therefore, we are asking you to confer with departments in your school that interact with the Commission including your fiscal and financial aid offices, to identify any areas in the Agreement where we can clarify school responsibilities. You may also want to have your legal counsel review the document.

Any comments and recommendations will be shared with the Commission's Grant Advisory Committee (GAC). The GAC consists of members for the various school system and educational segments who are tasked to review and provide recommendations to the Commission on major proposed or planned grant program or policy changes, particularly those relating to the administration of the Cal Grant program. Once the Agreement is updated, it will be presented to the Commission for their review and approval.

A copy of the current Agreement is enclosed for you and your staff's review. Please submit your comments and recommendations in writing by June 15, 2006 by email to Corazon Manuel at [CManuel@csac.ca.gov](mailto:CManuel@csac.ca.gov), by fax at (916) 526-8002, or by mail at Program Administration & Services Division, P.O. Box 419028, Rancho Cordova, CA 95741-9028.

If you have any questions about this letter or the process for renewing the Agreement, please feel free to contact Ms. Manuel at (916) 526-7960. We look forward to the opportunity to review and consider your comments and/or recommendations. Your input is valuable in the review process. Thank you for your continued partnership in serving students.

Sincerely,



Diana Fuentes-Michel  
Executive Director

Enclosure: IPA

cc: Financial Aid Director  
Fiscal Officer

**Institutions who responded to the  
IPA review letter dated May 23, 2006**

American River College  
Cañada College<sup>°</sup>  
Cerritos College  
Citrus College  
College of San Mateo<sup>°</sup>  
College of the Sequoia  
Contra Costa College\*  
Cuyamaca College  
Diablo Valley College  
East Los Angeles College  
El Camino College (2)  
Fresno City College  
Grossmont College  
Hartnell College  
Laney College  
Los Angeles City College  
Los Angeles Harbor College  
Los Medanos College\*  
Mt. San Antonio College  
Palomar College  
Pasadena City College  
Reedley College  
Saddleback College  
San Bernardino Valley College (2)  
San Diego Mesa College  
Santa Barbara City College  
Skyline College<sup>°</sup>

California Maritime Academy  
California State Polytechnic University,  
Pomona  
California State University, Fresno  
California State University, Fullerton  
California State University, Los Angeles  
California State University, Northridge  
California State University, Sacramento  
California State University, Santa Barbara  
San Diego State University

University of California, Davis  
University of California, Irvine  
University of California, Los Angeles  
University of California, Santa Barbara

Samuel Merritt College  
Thomas Aquinas College  
University of La Verne

ITT Technical Institute, National  
Headquarters

\* Joint submission

<sup>°</sup> Joint submission

**43 responses total**

**CALIFORNIA STUDENT AID COMMISSION**  
**CAL GRANT PROGRAMS**

Institutional Participation Agreement  
For New Postsecondary Institutions

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

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

USED School Identification Number: \_\_\_\_\_

Return to:  
California Student Aid Commission  
Program Administration & Services Division  
ATTN: School Support Services  
PO Box 419028  
Rancho Cordova, CA 95741-9028

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

## INTRODUCTION

- A. The minimum requirements for participation in the Cal Grant Programs for postsecondary institutions in California are established in California Education Code (CEC) 69432.7(l) and the California Code of Regulations (CCR) Title 5, Section 30009.
- (1) For non-public postsecondary institutions to participate in the Cal Grant Programs, an institution must be 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 campus-based programs include Federal Work-Study, 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 campus/site/branch ("campus") that Cal Grant recipients attend. These program requirements are set forth in CCR 30009(b).
  - (2) For non-public postsecondary institutions, California law allows an exception to the requirement of participation in the federal student aid programs. Cal Grant awards may be utilized at any nonprofit institution headquartered and operating in California that: (a) 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, (b) demonstrates 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 CCR 30009 (c)].
  - (3) A California public postsecondary educational institution or program may participate in the Cal Grant Programs [CEC 69432.7(l)(3)].
- B. Commencing with the 2001-02 academic year and each academic year thereafter, Cal Grant T awards shall be used only for tuition and student fees for a maximum of one academic year of full-time attendance in a program of professional preparation that has been approved by the California Commission on Teacher Credentialing [CEC 69440(a)].
- C. An otherwise qualifying institution shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution [CCR 30009(d)].
- D. If a shift in control or change of ownership of an institution occurs, the Agreement expires and the institution's Cal Grant participation ends on the date of the shift in control or change of ownership. If the new controlling party or new owner wishes to continue Cal Grant participation, a new Agreement must be completed.
- E. This Agreement covers only campus(es) indicated on this Agreement. A new Agreement is required for any additional campus.
- F. As used in this Agreement, "academic year" and "award year" mean July 1 to June 30 as defined in CEC 69432.7.

## ARTICLE I

### Participation

The Commission and \_\_\_\_\_ hereafter referred to as the "Institution" agree to the terms contained in this Agreement.

This Agreement governs the Institution's eligibility to participate in and ability to receive funds for all of the Cal Grant Programs administered by the Commission.

## ARTICLE II

### General Provisions

- A. The Institution agrees to use Cal Grant funds provided 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 Grant Programs Manual including manual updates, policy bulletins, operations memos, and special alerts.
- B. The Institution acknowledges that no Cal Grant funds have been 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 will be limited to the approved amounts only.
- C. The Institution agrees to maintain standards of administrative capability and financial stability in accordance with state and federal law and regulations as applicable. The Institution shall maintain documentation that allows the Commission to determine its adherence to fiscal responsibility and standards.
- D. The Institution agrees to establish written policies and procedures that provide security and confidentiality of all recipients' personal identification information, payments, financial history and other related confidential information and documents as required under state and federal law and regulations.
- E. When the Institution participates through the Commission's electronic system, the Institution agrees to comply with the Information Security and Confidentiality Agreement.
- F. 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.
- G. The Institution shall maintain written policies and procedures governing the administration and processing of Cal Grant funds under this Agreement.
- H. The Institution agrees to retain comprehensive and accurate program and fiscal records that demonstrate institutional and student eligibility that fully documents the accuracy of the grant payments reported and the right of the Institution to receive or retain payments made by the Commission for a period of three (3) years following the last day of the period for which the grant was intended.

- I. The Institution agrees to make available at the time of program compliance review, or at the request of the Commission, any records and personnel related to the administration of the Commission's Cal Grant Programs.
- J. The Institution agrees that it is subject to and must comply with all current and applicable state and federal law and regulations in its enforcement 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. The Commission shall provide the Institution written notice of its intent to terminate the Agreement ten (10) days prior to such action.

### **ARTICLE III**

#### **Cal Grant Account Maintenance – Institutional Responsibilities**

- A. The Institution agrees to maintain all Commission Cal Grant funds in a designated account identified as the property of the State either by a ledger account or a bank account.
  - 1) The Institution may deposit funds from various sources including Cal Grant funds into one bank account, but must identify the Cal Grant funds by using subsidiary ledgers. All activity (deposits and expenditures) of Cal Grant funds must be supported by appropriate accounting records in accordance with generally accepted accounting principles and practices.
  - 2) The Institution may establish a separate bank account designated for Cal Grant funds.
  - 3) Interest earned on Cal Grant funds in these accounts must be returned to the Commission on behalf of the State.
- B. Should the Institution close, lose federal financial aid eligibility, or no longer meet the statutory definition of an eligible institution, or upon termination of this Agreement, the Institution agrees to return any undisbursed funds or pay any outstanding invoices within ten (10) days.
- C. The Institution agrees to maintain a current designation of individuals who are responsible for Cal Grant account maintenance and adherence to accepted accounting practices and principles. The Institution also agrees to maintain a separate designation of individuals who authorize and disburse Cal Grant funds so that no one individual is responsible for both functions.

### **ARTICLE IV**

#### **Cal Grant Disbursement - Institutional Responsibilities**

The Institution understands and agrees to carry out the following responsibilities at the time Cal Grant funds are transferred to the recipient or to the recipient's account. These must include but are not limited to:

A. Verification of Eligibility: Verify the recipient meets all eligibility and program requirements and resolve any conflicting information before disbursing Cal Grant funds.

B. Confirmation of Eligibility: Confirm and document that students listed on a Commission roster or other award notification meet basic eligibility requirements including California residency, financial need and appropriate program eligibility.

C. Disbursement of Cal Grant Funds:

- 1) Establish a written disbursement policy consistent with the Commission's policies and guidelines.
- 2) Establish a written disbursement schedule consistent with the start dates of the Institution's enrollment periods and in accordance with the applicable requirements specified for each educational program.
- 3) Determine course attendance according to the recipient's attendance status at the time Cal Grant funds are paid. Disburse "Access" and "Books and Supplies" payments within ten (10) days of verification of enrollment status.
- 4) Disburse no more than that which the recipient is eligible to receive per academic term. The Institution must use its institutional refund policy to 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.
- 5) Regularly submit payment transactions through WebGrants, data files, or the Grant Roster.
- 6) Make all disbursements no later than September 30 following the end of the award year (e.g., September 30, 2003, for award year 2002-03).
- 7) Establish and publish a policy that informs students of their options regarding receipt of Cal Grant funds and their subsequent ability to rescind their existing instructions at any time.

D. Accounting/Reconciliation:

- 1) Maintain an accounting system which conforms to generally accepted accounting principles and practices that includes such items as, but is not limited to, cash receipts and disbursement journals, bank account reconciliation, evidence of receipt of funds by recipients or credit of funds to recipients, and all other accounting records necessary to account for all transactions.
- 2) Reconcile all Cal Grant funds received and disbursed by the Institution no later than October 15 following the award year (e.g., October 15, 2003, for the 2002-03 award year). The Institution must report adjusted payment transactions for payment transactions previously reported in error that result in a payment exceeding the recipient's eligibility.

Upon final reconciliation by the Institution, the Institution shall repay any Cal Grant funds in excess of the reconciled amount to the Commission. Upon final reconciliation by the Commission, the Institution shall be invoiced for excess funds.

The invoice shall be due and payable to the Commission within 30 days of receipt of the invoice. The Institution agrees to resolve any reconciliation discrepancies with the Commission.

- 3) Submit annual College Cost Estimates to the Commission by the deadline specified.
  - 4) Certify the accuracy of all payment transactions submitted to the Commission. Certification of electronic submissions (WebGrants and data files) must be provided through the Information Security and Confidentiality Agreement. Signatures from the financial aid and accounting offices demonstrate certification for paper Grant Rosters.
  - 5) Agree to reconcile Cal Grant program expenditures for each award year on a student-by-student basis. The Institution certifies that it has paid each student an amount that reconciles to the Commission's records for both Cal Grant funds expended and student attendance. An institution may not apply excess Cal Grant funds to any other student's account or to any prior year accounts.
  - 6) Recalculate, if a recipient withdraws, drops out or is expelled for a term for which a payment has been made, based upon the Institution's repayment policy, whether an overpayment has been made to the recipient and whether the recipient owes a repayment to the Commission.
  - 7) Agree to pay any institutional liability that is determined as a result of a program compliance or an audit review within thirty (30) days of the determination or in the time specified in the program review report.
  - 8) 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.
  - 9) Failure by the Institution to take action on Cal Grant funds that the Institution is ineligible to retain may constitute noncompliance and may result in the termination of this Agreement thereby terminating the Institution's participation in the Cal Grant Programs.
- E. The Institution agrees to maintain a current designation of individuals who are responsible for Cal Grant disbursement and adherence to accepted accounting practices and principles. The Institution also agrees to maintain a separate designation of individuals who authorize and disburse Cal Grant funds so that no one individual is responsible for both functions.

## **ARTICLE V**

### **Cal Grant Program Guidelines - Commission's Responsibilities**

- A. Determine new applicants' initial eligibility for Commission-administered grant programs by evaluating their financial information and program specific data as provided on the Free Application for Federal Student Aid (FAFSA), the verified Grade Point Average, and any other selection process.

- B. Provide the Institution with guidelines, information, and ongoing assistance with respect to the Institution's administration of the Cal Grant Programs.
- C. Identify recipients who are in default on any educational loans as indicated by the FAFSA information.
- D. Generate and provide electronic data files and Grant Rosters that include names, Social Security Numbers and payment amounts of eligible recipients to the Institution.
- E. Provide the Institution with instructions for completing payment transactions.
- F. Notify the Institution of accepted and rejected payment transactions.
- G. Reconcile accepted payment transactions.
- H. Provide the State Controller's Office with the documentation needed to issue Electronic Funds Transfer (EFT) or mail warrants for payment to the Institution.
- I. Provide the Institution with regularly updated electronic data and Grant Rosters identifying reconciled payments.
- J. 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.
- K. Retain records relative to Commission grants and grant payments for a period of three (3) years following the last day of the award year.
- L. Review and audit the Institution's management of Cal Grant funds for compliance with state and federal law and regulations and Commission policies.

## **ARTICLE VI**

### **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 representatives. It supersedes any prior Agreements executed between the Commission and the Institution, and automatically terminates upon the occurrence of any of the conditions below:

- A. The Institution undergoes a change which results in change of ownership or control; or
- B. The Institution closes or ceases operation; or
- C. The Institution or site no longer possesses all of the requirements for a qualifying institution; or
- D. The Commission's representative requests termination of this Agreement in writing; or
- E. The Institution's Chief Executive Officer requests termination of this Agreement in writing; or
- F. June 30, 2007.

**ARTICLE VII**

**Certification**

As Chief Executive Officer of this Institution, I agree that this Institution and its “campus(es)” (if any) will comply with all state and federal statutes and regulations, rules, and guidelines applicable under this Agreement.

Name and Address of Main Campus: USED School  
Identification Number

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Name(s), Address(es), and Phone Number(s) of Branch USED School  
Identification Number  
Campus(es) included in this Agreement:

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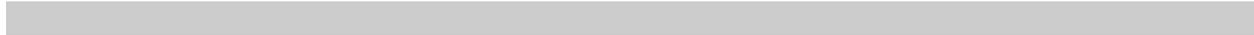
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Please indicate which of the following section(s) establish your Institution’s eligibility to participate in the Cal Grant Programs. Many institutions’ eligibility is established through Section 69432.7(l)(1) or (3) or 69440(a) of the CEC. If your Institution is seeking to establish eligibility through Section 69432.7(l)(2) of the CEC, please complete the attached “Financial Statement and Demonstration of Administrative Capability to Participate in the Cal Grant Programs” form.

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

***“Any 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: (A) Federal Work-Study, (B) Perkins Loan Program, [and] (C) 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.***

...

Initial if applicable:

\_\_\_\_\_ I hereby certify that this Institution meets the requirements of Section 69432.7(l)(1) of the CEC.

Section 69432.7(l)(3) of the CEC states:

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

Initial if applicable:

\_\_\_\_\_ I hereby certify that this Institution meets the requirements of Section 69432.7(l)(3) of the CEC.

Section 69440(a) of the CEC states:

***“Commencing with the 2001-02 academic year, and each academic year thereafter, Cal Grant T awards shall be used only for tuition and student fees for a maximum of one academic year of full-time attendance in a program of professional preparation that has been approved by the California Commission on Teacher Credentialing.”***

Initial if applicable:

\_\_\_\_\_ I hereby certify that this Institution meets the requirements of Section 69440(a) of the CEC.

\_\_\_\_\_ I will immediately notify the Commission if the Institution ceases to be eligible under Sections 69432.7(l)(1) or (3), 69440(a) of the CEC, or Article VI of this Agreement.

**Additional requirements:**

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.”***



## Action Item List for IPA Institutional Review Revised 7/18/06

| Current IPA                                                                                                                                                                                                                                                                                                                                                                                | Suggested<br>Change/Action                                                                                                                                                                                                                                                                                                                                                                                                                                  | From                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| <p><b>1:</b><br/>Introduction A. The minimum requirements for participation in the Cal Grant Programs for postsecondary institutions in California are established in California Education Code (CEC) 69432.7 (l) and the California Code of Regulations (CCR) Title 5, Section 30009.</p>                                                                                                 | <p>Minimal information for contractual agreement; should either name the codes or provide an addendum prior to signature certification</p>                                                                                                                                                                                                                                                                                                                  | <p>San Diego Mesa College</p>         |
| <p><b>2:</b><br/>Article II A. The institution agrees to use Cal Grant funds provided to it solely for the purposes specified, and in accordance with the provisions set forth in the respective program statues, federal and state regulations and procedures, the California Grant Programs Manual including manual updates, policy bulletins, operations memos, and special alerts.</p> | <p>These additional manual updates should be provided to each institution in a year end document fully disclosing changes to the terms of the IPA; paper and electronic format</p>                                                                                                                                                                                                                                                                          | <p>San Diego Mesa College</p>         |
| <p><b>3:</b><br/>Article II B ...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 cancelled; if proposed funding amounts are reduced, this Agreement will be limited to the approved amounts only.</p>                                                        | <p>The State and Commission have ample time prior to September to calculate the potential expenditure, analyze, discuss and develop reasonable, viable solutions that avoid the terms of this provision. "Furthermore, if the Commission retains the right to 'breach out of contract', Part B should have time limitations given the serious repercussions to students and the negative impact on the trust of the people of the State of California."</p> | <p>San Diego Mesa College</p>         |
| <p><b>4:</b><br/>Article II C...The Institution shall maintain documentation...</p>                                                                                                                                                                                                                                                                                                        | <p>Specify what that documentation shall be</p>                                                                                                                                                                                                                                                                                                                                                                                                             | <p>ITT Educational Services, Inc.</p> |

## Action Item List for IPA Institutional Review Revised 7/18/06

|                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                       |                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| <p><b>5:</b><br/>Article II H. The Institution agrees to retain comprehensive and accurate program and fiscal records that demonstrates institutional and student eligibility that fully documents the accuracy of the grant payments reported and...</p>                                                                    | <p>The definitions of “comprehensive,” “accurate,” and “fully document” should be made public and disclosed as part of the IPA or in a Glossary section of the Grant Manual; specify documents</p>    | <p>San Diego Mesa College; ITT Educational Services, Inc.</p>  |
| <p><b>6:</b><br/>Article II I. The Institution agrees to make available at the time of program compliance review, or at the request of the Commission, any records and personnel related to the administration of the Commission’s Cal Grant Programs.</p>                                                                   | <p>Add: The Commission agrees to provide the Institution with reasonable notice of at least 30 days to mutually agree upon a date for compliance review.</p>                                          | <p>CSU Sacramento; CSU Los Angeles</p>                         |
| <p><b>7:</b><br/>Article II J. The Institution agrees that it is subject to and...that noncompliance with any of these provisions may result in termination of this Agreement...The Commission shall provide the Institution written notice of its intent to terminate the Agreement ten (10) days prior to such action.</p> | <p>Lack of forthcoming disclosure; guarantees a “set to fail” environment;<br/>Clarify whether speaking of calendar days or business days</p>                                                         | <p>San Diego Mesa College</p>                                  |
|                                                                                                                                                                                                                                                                                                                              | <p>Change 10 to 45 days</p>                                                                                                                                                                           | <p>Cerritos College</p>                                        |
|                                                                                                                                                                                                                                                                                                                              | <p>Change 10 to 30 days</p>                                                                                                                                                                           | <p>CSU Sacramento; CSU Los Angeles; College of the Sequoia</p> |
|                                                                                                                                                                                                                                                                                                                              | <p>Add: The Institution shall be given an additional 30 days to appeal the Commissions intent to terminate.</p>                                                                                       | <p>CSU Sacramento</p>                                          |
| <p><b>8:</b><br/>Article III A. 3) Interest on Cal Grant funds in these accounts must be returned to the Commission on behalf of the State.</p>                                                                                                                                                                              | <p>This represents several constraints for institutions; can disbursements to Institutions be more flexible or more often than bimonthly?;<br/>Clarify how “interest earned” should be calculated</p> | <p>UC Los Angeles</p>                                          |

## Action Item List for IPA Institutional Review Revised 7/18/06

|                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| <b>9:</b><br>Article III B. Should the Institution close,... the Institution agrees to return any undisbursed funds or pay any outstanding invoices within ten (10) days.                                  | Change 10 to 45 days                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Cerritos College                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                                                                                                                                                                            | Change 10 to 30 days                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | CSU Sacramento; CSU Los Angeles; College of the Sequoia                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>10:</b><br>Article III C. ...The Institution also agrees to maintain a <b>separate designation of</b> individuals who authorize and disburse...                                                         | Change to “separation of function between”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Cerritos College                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>11:</b><br>Article IV Institutional Responsibilities<br>The Institution understands and agrees to carry out...These must include but are not limited to:                                                | What are limits if these are all mandates?<br>How can an Institution enter into an agreement of understanding if all requirements are so vague or not explained a tall?                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | San Diego Mesa College                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>12:</b><br>Article IV A. Verification of Eligibility:<br>Verify the recipient meets all eligibility and program requirements and resolve any conflicting information before disbursing Cal Grant funds. | Vague and can be interpreted broadly; clarify; define specific responsibilities; delete; define “confirmation” and “verification”;<br>Remove the word “all”; we do not want to be responsible for gathering information that the student has completed high school graduation requirements;<br>Recommend: verification of CG eligibility consist of resolving any conflicting information between CSAC and the Institution<br>Recommend: Institution be directed to adhere to federal guidelines;<br>Use text from GOM 2003-05 to clarify;<br>What is the definition of CA residency to be used – UC's or CSAC's?;<br>What is acceptable | Palomar College; UC Davis; Cal Poly Pomona University; UC Santa Barbara; CSU Fresno; CSU Fullerton; CSU San Bernardino; San Diego State University; Los Angeles Harbor College; Los Angeles City College; Santa Barbara City College; Laney College; Cerritos College; Diablo Valley College; Fresno City College; Los Medanos College (for Contra Costa College); Mt. San Antonio College; Pasadena City College; Saddleback College; San Bernardino Valley College; |

## Action Item List for IPA Institutional Review Revised 7/18/06

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|                                                                                                                                                                                                                                                                              | documentation?<br>Will verification need to be for 100% of the Cal Grant awardees?<br>Could a random sample be selected and verified by CSAC or the institution?                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>13:</b><br>Article IV B. Confirmation of Eligibility: Confirm and document that students listed on a Commission roster or other award notification meet basic eligibility requirements including California residency, financial need and appropriate program eligibility | Remove “document”; clarify;<br>Define “appropriate program eligibility”;<br>Redundant to Art. IV A.;<br>What is the difference between verifying and confirming eligibility?;<br>Eligibility determination needs to be made fully by the Commission or the Institution.                                                          | UC Davis; Cal Poly Pomona University; UC Santa Barbara; CSU Fresno; CSU Fullerton; CSU Northridge; CSU San Bernardino; Los Angeles Harbor College; Santa Barbara City College; Diablo Valley College; Fresno City College; Laney College; Los Medanos College (for Contra Costa College); Mt. San Antonio College; Pasadena City College; Saddleback College; San Bernardino Valley College; Los Angeles City College; Palomar College |
| <b>14:</b><br>Article IV C. 5)                                                                                                                                                                                                                                               | Define “regularly”                                                                                                                                                                                                                                                                                                               | UC Davis                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>15:</b><br>Article IV C 6) Make all disbursements no later than September 30 following the end of the award year.                                                                                                                                                         | language needs to address the requirement for disbursement of prior year awards made by the Commission after the Sept. 30 disbursement deadline has passed;<br>Add: “With the exception of late notification of new recipient(s) from the Commission, an extended deadline will be given to the Institution by the Commission.”; | CSU Los Angeles; CSU Fullerton                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>16:</b><br>Article IV C 7) Establish and publish a policy that informs students of their options...                                                                                                                                                                       | Clarify                                                                                                                                                                                                                                                                                                                          | CSU Fresno; El Camino College                                                                                                                                                                                                                                                                                                                                                                                                          |

## Action Item List for IPA Institutional Review Revised 7/18/06

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| <p><b>17:</b><br/>Article IV D 2) Reconcile all Cal Grant funds received and disbursed by the Institution no later than October 15 following the award year...The Institution agrees to resolve any reconciliation discrepancies with the Commission.</p> | <p>See first comment on IV C. (6);<br/>Add: “With the exception of late notification of new recipient(s) from the Commission, an extended deadline will be given to the Institution by the Commission for reporting, adjusting and reconciling the payment”;<br/>Add to the last sentence: “Cal Grant Reconciliation between the Financial Aid Office and Fiscal Services should be conducted at least once at the end of each term.”; or within 60 days of the end of the term;<br/>Sixty days after the last disbursement is aggressive, 90 days is more appropriate. If CSAC has a business need to have reconciliations completed by October 15, the Article IV C. 6) must be amended to permit disbursements only through July 15</p> | <p>CSU Los Angeles; CSU Fullerton; Cerritos College; UC Davis</p> |
|                                                                                                                                                                                                                                                           | <p>Change 30 days to 45 days</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>Cerritos College</p>                                           |
|                                                                                                                                                                                                                                                           | <p>After “award year” Add: “and resolve any outstanding payment issues during the months of November and December.”</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>Cerritos College</p>                                           |
| <p><b>18:</b><br/>Article IV D 6) Recalculate, if a recipient withdraws...</p>                                                                                                                                                                            | <p>Clarify; include reference to R2TIV in the language for added clarity</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>CSU Fullerton; CSU Fresno; El Camino College</p>               |
| <p><b>19:</b><br/>Article IV D 7) Agree to pay any institutional liability...within thirty (30) days of the determination or in the time specified in the program review report.</p>                                                                      | <p>A school does not receive the report within 30 days; date of determination needs to be further explained or revised.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>San Diego Mesa College</p>                                     |

## Action Item List for IPA Institutional Review Revised 7/18/06

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| <p><b>20:</b><br/>Article V B. Provide the Institution with guidelines, information, and ongoing assistance with respect to the Institution's administration of the Cal Grant Programs.</p>                       | <p>"This clause has been the source of grievance for many years now as the Commission has had obstacles to fulfill its requirements. Improvements have been made and are visible, but more is needed...";</p>                                                               | <p>San Diego Mesa College</p>                   |
| <p><b>21:</b><br/>Article V D. Generate and provide electronic data files and Grant Rosters that include names, Social Security Numbers and payment amounts of eligible recipients <b>to the Institution.</b></p> | <p>Reorder: "Generate and provide <b>to the Institution</b> electronic data files...";<br/>Delete "Social Security Number" and replace with "CSAC ID"</p>                                                                                                                   | <p>ITT Educational Services, Inc.; UC Davis</p> |
| <p><b>22:</b><br/>Article V L. Review and audit the Institution's management of Cal Grant funds for compliance with state and federal law...</p>                                                                  | <p>Add: "Provide reasonable notice in advance of scheduled compliance reviews and audits."</p>                                                                                                                                                                              | <p>CSU Los Angeles</p>                          |
| <p><b>23:</b><br/>Article VI A.</p>                                                                                                                                                                               | <p>Define "change of ownership"; change to "direct ownership change"</p>                                                                                                                                                                                                    | <p>Samuel Merritt College</p>                   |
| <p><b>24:</b><br/>Article VI D. The Commission's representative requests termination of this Agreement in writing or"</p>                                                                                         | <p>The agreement should explain under what grounds a Commission's representative can make such a request and what due process the Institution has if in disagreement</p>                                                                                                    | <p>San Diego Mesa College</p>                   |
| <p><b>25:</b><br/>Article VI F. June 30, 2007</p>                                                                                                                                                                 | <p>"Why should all IPAs end at the same time? Does the revision, and processes required by Commission's staff be so simple that it does not constitute a burden or create a delayed response to the participant Institutions?" Original wording and punctuation quoted.</p> | <p>San Diego Mesa College</p>                   |
| <p><b>26:</b><br/>Article VII Certification</p>                                                                                                                                                                   | <p>Redundant; already in Article II J.</p>                                                                                                                                                                                                                                  | <p>ITT Educational Services, Inc.</p>           |

## Action Item List for IPA Institutional Review Revised 7/18/06

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| <p><b>27:</b><br/>Article VII Name(s), Address(es), and Phone Number(s) of <b>Branch</b> Campus(es) included in this Agreement:</p>                                                                  | <p>Should this say <b>Branch or Additional Locations</b>?</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>ITT Educational Services, Inc.</p>                                                                                                                                           |
| <p><b>28:</b><br/>Article VII<br/>(Wherever initials are required)</p>                                                                                                                               | <p>Remove "I certify that"</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>ITT Educational Services, Inc.</p>                                                                                                                                           |
| <p><b>29:</b><br/>Article VII, p.10 <b>I certify that the Institution is eligible to participate in the Cal Grant Programs and will provide</b> the following documentation with this Agreement.</p> | <p>Rewrite: "The following documentation is provided with this Agreement."</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>ITT Educational Services, Inc.</p>                                                                                                                                           |
| <p><b>30:</b><br/>Article VII, p.10 #1. ...and two of three federal campus-based program awards is required.</p>                                                                                     | <p>Why is California the only state that deems this necessary?</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>ITT Educational Services, Inc.</p>                                                                                                                                           |
| <p><b>31:</b><br/>Article VII, p. 10 #2 A copy of the Institution's existing disbursement and refund policy</p>                                                                                      | <p>The policies for all types of financial aid or only those related to CSAC funds?</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>California Maritime Academy</p>                                                                                                                                              |
| <p><b>32: Miscellaneous Comments</b></p>                                                                                                                                                             | <p>Many of the emails requested more time to respond;</p> <p>Information regarding Cal T may need to updated or deleted;</p> <p>Should there be information regarding a Cal Grant appeal process;</p> <p>Several would like to see the proposed IPA before it goes out for signing;</p> <p>ITT takes issue with the subject of the institution receiving funds; they believe that the student, not the institution, receives the funds. Therefore they would like to see the wording changed in the entire IPA to reflect that. Also, given the possibility of discrepancies in reconciliation (Art. IV, Sec. D, Item 2) the institution should not be required to certify anything that could be erroneous.</p> | <p>14 Community Colleges, no CSUs or UCs.</p> <p>University of La Verne; UC Davis</p> <p>University of La Verne</p> <p>CSU Northridge</p> <p>ITT Educational Services, Inc.</p> |

**Action Item List for IPA Institutional Review  
Revised 7/18/06**

**From:** Max Espinoza (Jorge Cortez)  
**To:** Catherine Thomas; Craig Yamamoto; David Kopperud; Greg Gollihur; Kate Jeffery; Kenneth Evans; Laura Cunha; Lora Jo Bossio; Louise McClain; Maria Hernandez; Mary Lindsey; Mary Robinson; Michelle Sliwa; Noelia Gonzalez; Sharon Bowles; Timothy Bonnel; Veronica Villalobos  
**Date:** 6/20/2006 4:48:00 PM  
**Subject:** IPA Review Letter to Institution Chief Executives

Dear GAC Members:

As scheduled, the Commission released the attached letter beginning the process of reviewing and revising the Cal Grant Institutional Participation Agreement (Agreement). The letter requesting initial input was sent to all current Cal Grant Participating Institution school chief executives on May 23, 2006 with a copy of the current Agreement enclosed. The letter was also forwarded with enclosures to financial aid and fiscal officers at Cal Grant Participating Institutions.

As you can see, the letter explains the upcoming review and potential revision of the Agreement prior to the expiration of current Agreements and the execution of new Agreements. Specifically, the schools were asked to review the Agreement and provide feedback on suggested changes and identify specific areas that required clarification by June 15, 2006. Although the Commission staff will continue to accept comments from schools after that date, this date was provided in the attached letter in order for Commission staff to have the opportunity to compile the information and begin its review, including transmitting the information as requested to the Grant Advisory Committee and others by the end of June.

You will remember that the Commission staff presented and had extensive discussion with you regarding the time line for having new Agreements in place in 2007 in a manner that ensures proper consultation and time for review. Since that time, minor revisions to the time line have been made to add school sites visits by the Commission's Executive Director and to ensure more Commissioner and control agency review earlier in the process. Please see the attached time line for your reference.

As noted at prior GAC meetings, the attached time line is only a guide for planning purposes and is not set in stone. From the attached time line, you will see that GAC requested to see the school input received with the understanding that it would likely be in late June. While the time line is only a guide for planning purposes, the Commission staff will do everything we can to adhere to this time line within existing workload considerations and other unknown factors that may arise.

If you have any questions about this letter or the process for renewing the Agreement, please contact me at (916)526-7967.

Sincerely,

Max Espinoza, Chief  
Program Administration & Services Division

**CC:** Anne Robertson; Bryan Dickason; Catalina Mistler; Corazon Manuel; Diana Fuentes-Michel; Dianna Ximenez; Drew Schrepele; Judith Beck; Keith Yamanaka; Lori Nezhura; Max Espinoza; Veronica Rodriguez

# CALIFORNIA STUDENT AID COMMISSION

Office of the Executive Director



May 23, 2006

CEO/President/Chancellor  
 Name of School  
 Street Address  
 City, Zip Code

Dear:

The California Student Aid Commission (Commission) is in the process of reviewing and potentially revising the current Institutional Participation Agreement (Agreement) in preparation for their expiration and the execution of new Agreements in June 2007. As provided in state law, the Agreement is the managing document in place between schools and the Commission which specifies the requirements for institutional participation in the Cal Grant Programs.

In order to develop an agreement that explicitly addresses the various areas of responsibility for schools; by virtue of this letter, we are asking school officials to review the current Agreement and provide feedback on suggested changes and identify specific areas that you may feel require further clarification in the Agreement. You and your staff's understanding of this document is critical because a school must have a signed Agreement in place to participate in the Cal Grant program and commits to following the Agreement's provisions by signing the Agreement.

The Agreement specifies requirements for schools such as state regulatory guidelines as specified in the California Education Code (CEC) 69432.7(k).

**"...Prior to disbursing any Cal Grant funds, a qualifying institution shall be obligated, under the terms of its institutional participation agreement with the commission, to resolve any conflicts that may exist in the data the institution possesses relating to that individual."**

And CEC 69432.8:

**"...Each institution shall disburse the funds in accordance with the provisions set forth in the institutional agreement between the commission and the institution."**

The Agreement is undergoing its first comprehensive review since the implementation of Senate Bill 1644 which became effective with the 2001-2002 school year. Therefore, we are asking you to confer with departments in your school that interact with the Commission including your fiscal and financial aid offices, to identify any areas in the Agreement where we can clarify school responsibilities. You may also want to have your legal counsel review the document.

MAILING ADDRESS: P.O. BOX 419026 STREET ADDRESS: 419026 International Drive Rancho Cordova, CA 95670  
 TEL 916/526-8999 FAX 916/526-8063 WEB SITE [www.csac.ca.gov](http://www.csac.ca.gov)

- 2 -

Any comments and recommendations will be shared with the Commission's Grant Advisory Committee (GAC). The GAC consists of members for the various school system and educational segments who are tasked to review and provide recommendations to the Commission on major proposed or planned grant program or policy changes, particularly those relating to the administration of the Cal Grant program. Once the Agreement is updated, it will be presented to the Commission for their review and approval.

A copy of the current Agreement is enclosed for you and your staff's review. Please submit your comments and recommendations in writing by June 15, 2006 by email to Corazon Manuel at [CManuel@csac.ca.gov](mailto:CManuel@csac.ca.gov), by fax at (916) 526-8002, or by mail at Program Administration & Services Division, P.O. Box 419028, Rancho Cordova, CA 95741-9028.

If you have any questions about this letter or the process for renewing the Agreement, please feel free to contact Ms. Manuel at (916) 526-7960. We look forward to the opportunity to review and consider your comments and/or recommendations. Your input is valuable in the review process. Thank you for your continued partnership in serving students.

Sincerely,



Diana Fuentes-Michel  
Executive Director

Enclosure: IPA

cc: Financial Aid Director  
Fiscal Officer

**CALIFORNIA STUDENT AID COMMISSION  
INSTITUTIONAL PARTICIPATION AGREEMENT (IPA)  
INTERNAL TIMELINE**

**2006-2007 CALENDAR**

1. **May/June**
  - Begin discussion with internal IPA Work Group regarding revisions to IPA
  - Send communication to schools to request input on updating IPA
  - Begin school site visits by Executive Director
  - Present input received from schools and site visits to GAC
  - Commission to review timeline
2. **July**
  - Continue discussion with internal IPA Work Group on IPA revisions
  - Continue school site visits by Executive Director
  - Prepare first draft of IPA
3. **August**
  - Present first draft to GAC, schools, Governor's Office, Office of Secretary of Education, Department of Finance, and Legislative Analyst Office for review
4. **September**
  - Make any necessary revisions to draft
  - Provide Commission with IPA update at regularly scheduled meeting
5. **October**
  - Present final draft to GAC, schools, Governor's Office, Office of Secretary of Education, Department of Finance, and Legislative Analyst Office for review
  - Make any revisions to draft
6. **November 29/30**
  - Present proposed IPA to Commissioners at their meeting
7. **December/January**
  - Update IPA databases
  - Update IPA survey material, cover letter, checklist, etc.
8. **December 29/30**
  - Send *Operations Memo* to schools regarding IPA renewal process and requirements
9. **March 31**
  - Deadline for submission of IPAs material from Schools
  - Send *Special Alert* reminding schools of IPA deadline.
10. **April/May/June**
  - Review IPA material received from schools
  - Follow-up with schools on missing information
  - Submit IPA material to branch manager and division chief for review and approval

| MAR-06               | APR-06               |                      | MAY-06               |                      | JUN-06            |                   |
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Note: This timeline is subject to change.

**CALIFORNIA STUDENT AID COMMISSION**  
**CAL GRANT PROGRAM**

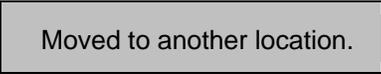
Institutional Participation Agreement  
For Renewing Postsecondary Institutions

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

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

USED School Identification Number: \_\_\_\_\_

Key to Changes

|                                                                                                                |                          |
|----------------------------------------------------------------------------------------------------------------|--------------------------|
|  Moved to another location. | Wording not yet decided. |
| <del>Deleted from the document entirely.</del>                                                                 |                          |
| Moved from another location.                                                                                   |                          |
| Changed from the 2003 IPA.                                                                                     |                          |

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

**INTRODUCTION** (make an article for institutional eligibility?)

Moved to Article II A.

A. The minimum requirements for participation in the Cal Grant Programs for postsecondary institutions in California are established in California Education Code (CEC) 69432.7(l) and the California Code of Regulations (CCR) Title 5, Section 30009.

(1) For non-public postsecondary institutions to participate in the Cal Grant Programs, an institution must be 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 campus-based programs include Federal Work-Study, 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 campus/site/branch ("campus") that Cal Grant recipients attend. These program requirements are set forth in CCR 30009(b).

(2) For non-public postsecondary institutions, California law allows an exception to the requirement of participation in the federal student aid programs. Cal Grant awards may be utilized at any nonprofit institution headquartered and operating in California that: (a) 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, (b) demonstrates 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 CCR 30009 (c)].

(3) A California public postsecondary educational institution or program may participate in the Cal Grant Programs [CEC 69432.7(l)(3)].

~~B. Commencing with the 2001-02 academic year and each academic year thereafter, Cal Grant T awards shall be used only for tuition and student fees for a maximum of one academic year of full-time attendance in a program of professional preparation that has been approved by the California Commission on Teacher Credentialing [CEC 69440(a)].~~

C. An otherwise qualifying institution shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution [CCR 30009(d)].

Moved to Article II B.

D. If a shift in control or change of ownership of an institution occurs, the Agreement expires and the institution's Cal Grant participation ends on the date of the shift in control or change of ownership. If the new controlling party or new owner wishes to continue Cal Grant participation, a new Agreement must be completed

Moved to Article I, Para. 4

E. This Agreement covers only campus(es) indicated on this Agreement. A new Agreement is required for any additional campus.

Moved to Article I, Para. 3

~~F. As used in this Agreement, "academic year" and "award year" mean July 1 to June 30 as defined in CEC 69432.7.~~

## ARTICLE I

### Participation

The Commission and \_\_\_\_\_ hereafter referred to as the "Institution" agree to the terms contained in this Agreement.

This Agreement governs the Institution's eligibility to participate in and ability to receive funds for all of the Cal Grant Programs administered by the Commission.

*This Agreement applies only campus(es) indicated on this Agreement as listed in Article VII. A new Agreement is required for any additional campus(es).*

From Intro E.

*If a shift in control or change of ownership of an institution occurs as defined in Article VI, the Agreement expires and the institution's Cal Grant participation ends on the date of the shift in control or change of ownership. If the new controlling party or new owner wishes to continue Cal Grant participation, a new Agreement must be completed.*

From Intro D.

## ARTICLE II

### General Provisions

A. *The minimum requirements for participation in the Cal Grant Programs for postsecondary institutions in California are established in California Education Code (CEC) 69432.7(l) and the California Code of Regulations (CCR) Title 5, Section 30009.*

From Intro A, A.(1), and A.(2)

- (1) *For non-public postsecondary institutions to participate in the Cal Grant Programs, an institution must be 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 campus-based programs include Federal Work-Study, 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 campus/site/branch (Campus) that Cal Grant recipients attend. These program requirements are set forth in CCR 30009(b).*
- (2) *For non-public postsecondary institutions, California law allows an exception to the requirement of participation in the federal student aid programs. Cal Grant awards may be utilized at any nonprofit institution headquartered and operating in California that: (a) 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, (b) demonstrates 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 CCR 30009 (c)].*
- (3) *A California public postsecondary educational institution or program may participate in the Cal Grant Programs [CEC 69432.7(l)(3)].*

- From Intro C.
- B. *An otherwise qualifying institution shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution [CCR 30009(d)].*
- C. *The Institution agrees to use Cal Grant funds provided 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 Grant Programs Manual (CGPM) including manual updates, policy bulletins, operations memos, and special alerts.* From II A.
- D. *The Institution acknowledges that no Cal Grant funds have been 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 will be limited to the approved amounts only.* From II B.
- E. *The Institution agrees to maintain standards of administrative capability and financial stability in accordance with state and federal law and regulations as applicable. ~~The Institution shall maintain documentation that allows the Commission to determine its adherence to fiscal responsibility and standards.~~* From II C.
- F. *The Institution agrees to retain comprehensive and accurate program and fiscal records (see attachment) that demonstrate institutional and student eligibility and that fully documents the accuracy of the grant payments reported and the right of the Institution to receive or retain payments made by the Commission for a period of three (3) years following the last day of the period for which the grant was intended.* From II H.
- G. *The Institution agrees to make available at the time of program compliance review, or at the request of the Commission, any records and personnel related to the administration of the Commission's Cal Grant Programs.* From II I.
- H. *The Institution shall maintain written policies and procedures governing the administration and processing of Cal Grant funds under this Agreement.* From II G.
- I. *The Institution agrees to establish written policies and procedures that provide security and confidentiality of all recipients' personal identification information, payments, financial history and other related confidential information and documents as required under state and federal law and regulations.* From II D.
- J. *When the Institution participates through the Commission's electronic system, the Institution agrees to comply with the Information Security and Confidentiality Agreement. Provide documentation of information technology/database security (ask John Bays).* From II E.
- K. *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.*
- L. *The Institution agrees that it is subject to and must comply with all current and applicable state and federal law and regulations in its enforcement 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. The* From II J.

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

### ARTICLE III

#### **Cal Grant Account Maintenance – Institutional Responsibilities**

- A. The Institution agrees to maintain all Commission Cal Grant funds in a designated account identified as the property of the State either by a ledger account or a bank account.
- 1) The Institution may deposit funds from various sources including Cal Grant funds into one bank account, but must identify the Cal Grant funds by using subsidiary ledgers. All activity (deposits and expenditures) of Cal Grant funds must be supported by appropriate accounting records in accordance with generally accepted accounting principles and practices.
  - 2) The Institution may establish a separate bank account designated for Cal Grant funds.
  - 3) Interest earned on Cal Grant funds in these accounts must be returned to the Commission on behalf of the State *at least once annually by the end of the academic year.*

*B. The Institution agrees to maintain an accounting system which conforms to generally accepted accounting principles and practices that includes such items as, but is not limited to, cash receipts and disbursement journals, bank account reconciliation, evidence of receipt of funds by recipients or credit of funds to recipients, and all other accounting records necessary to account for all transactions.*

From IV D. (1)

C. The Institution agrees to maintain a *separation of function/duties between* individuals who are responsible for Cal Grant account maintenance and adherence to accepted accounting practices and principles. 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.

*D. Should the Institution close, lose federal financial aid eligibility, or no longer meet the statutory definition of an eligible institution, or upon termination of this Agreement, the Institution agrees to return any undisbursed funds or pay any outstanding invoices within **forty-five (45) days**.*

From III B.

### ARTICLE IV

#### **Cal Grant Disbursement - Institutional Responsibilities**

The Institution understands and agrees to carry out the following responsibilities at the time Cal Grant funds are transferred to the recipient or to the recipient's account. These must include but are not limited to:

A. Verification of Eligibility: *Confirm and document* the recipient meets all eligibility and program requirements and resolve *and report to the Commission* any conflicting information *of the following items* before disbursing Cal Grant funds:

- 1) *that the student is a U.S. citizen or an eligible non-citizen.*
- 2) *that the student has met U.S. Selective Service requirements.*
- 3) *that student has a valid Social Security number.*
- 4) *that the student is not incarcerated.*
- 5) *that the recipient is not in default on any Title IV educational loan or owes 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). (AB 840)*
- 6) *that the recipient is a legal California state resident for at least one year as of application cycle deadline of the award year according to the Commission's CGPM.*
- 7) *that each recipient is enrolled in an eligible program or course of study.*
- 8) *that each 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).*
- 9) *designated recipient's participation in an eligible graduate teaching credential or mandatory 5<sup>th</sup> year program as approved by the Commission.*
- 10) *that the attendance status for each recipient on the grant roster is in accordance with the established institutional policies and guidelines set forth in the CGPM.*
- 11) *that the recipient demonstrates financial need at the Institution.*
- 12) *that the recipient with a new award has family income and assets below the published Cal Grant ceilings.*
- 13) *that the recipient is complying with the Institution's satisfactory academic progress policies.*
- 14) *Maintain documentation for a period of three years.*

Removed

B. Confirmation of Eligibility: Confirm and document that students listed on a Commission roster or other award notification meet basic eligibility requirements including California residency, financial need and appropriate program eligibility.

B. Disbursement of Cal Grant Funds:

1) & 2) combined from 2003

- 1) Establish a written disbursement policy and schedule consistent with the start dates *reported to the Commission on the College Estimate Form*. The disbursement policy should include the Institution's enrollment/*payment* periods *reported to the*

Revisions made to this point.

*Commission and be proportional in length* and in accordance with the applicable requirements specified for each educational program.

- 2) Determine course attendance according to the recipient's attendance status at the time Cal Grant funds are paid.
- 3) *For* "Access" and "Books and Supplies" payments, *disburse* within ten (10) *business* days of verification of enrollment status.
- 4) Disburse no more than that which the recipient is eligible to receive per academic term. *In the case of an overaward*, the Institution must use its institutional refund policy to 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.
- 5) Regularly submit *Report* payment transactions through WebGrants *or* data files ~~of the Grant Roster~~ *within sixty (60) days of disbursement of Cal Grant funds*.
- 5) Make all disbursements no later than September 30 following the end of the award year (e.g., September 30, 2003, for award year 2002-03).
- 6) Establish and publish a policy that informs students of their options regarding receipt of Cal Grant funds and their subsequent ability to rescind their existing instructions at any time.

D. Reconciliation:

- 1) Reconcile all Cal Grant funds received and disbursed by the Institution no later than October 15 following the award year (e.g., October 15, 2003, for the 2002-03 award year). The Institution must report adjusted payment transactions for payment transactions previously reported in error that result in a payment exceeding the recipient's eligibility.

Upon final reconciliation by the Institution, the Institution shall repay any Cal Grant funds in excess of the reconciled amount to the Commission. Upon final reconciliation by the Commission, the Institution shall be invoiced for excess funds. The invoice shall be due and payable to the Commission within 30 days of receipt of the invoice. The Institution agrees to resolve any reconciliation discrepancies with the Commission.

- 2) Submit annual College Cost Estimates to the Commission by the deadline specified.
- 3) Certify the accuracy of all payment transactions submitted to the Commission. Certification of electronic submissions (WebGrants and data files) must be provided through the Information Security and Confidentiality Agreement. Signatures from the financial aid and accounting offices demonstrate certification for paper Grant Rosters.
- 4) Agree to reconcile Cal Grant program expenditures for each award year on a student-by-student basis. The Institution certifies that it has paid each student an amount that reconciles to the Commission's records for both Cal Grant funds

expended and student attendance. An institution may not apply excess Cal Grant funds to any other student's account or to any prior year accounts.

- 5) Recalculate, if a recipient withdraws, drops out or is expelled for a term for which a payment has been made, based upon the Institution's repayment policy, whether an overpayment has been made to the recipient and whether the recipient owes a repayment to the Commission.
  - 6) Agree to pay any institutional liability that is determined as a result of a program compliance or an audit review within thirty (30) days of the determination or in the time specified in the program review report.
  - 7) 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.
  - 8) Failure by the Institution to take action on Cal Grant funds that the Institution is ineligible to retain may constitute noncompliance and may result in the termination of this Agreement thereby terminating the Institution's participation in the Cal Grant Programs.
- E. The Institution agrees to maintain a current designation of individuals who are responsible for Cal Grant disbursement and adherence to accepted accounting practices and principles. The Institution also agrees to maintain a separate designation of individuals who authorize and disburse Cal Grant funds so that no one individual is responsible for both functions.

## **ARTICLE V**

### **Cal Grant Program Guidelines - Commission's Responsibilities**

- A. Determine new applicants' initial eligibility for Commission-administered grant programs by evaluating their financial information and program specific data as provided on the Free Application for Federal Student Aid (FAFSA), the verified Grade Point Average, and any other selection process.
- B. Provide the Institution with guidelines, information, and ongoing assistance with respect to the Institution's administration of the Cal Grant Programs.
- C. Identify recipients who are in default on any educational loans as indicated by the FAFSA information.
- D. Generate and provide electronic data files and Grant Rosters that include names, Social Security Numbers and payment amounts of eligible recipients to the Institution.
- E. Provide the Institution with instructions for completing payment transactions.
- F. Notify the Institution of accepted and rejected payment transactions.
- G. Reconcile accepted payment transactions.

- H. Provide the State Controller's Office with the documentation needed to issue Electronic Funds Transfer (EFT) or mail warrants for payment to the Institution.
- I. Provide the Institution with regularly updated electronic data and Grant Rosters identifying reconciled payments.
- J. 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.
- K. Retain records relative to Commission grants and grant payments for a period of three (3) years following the last day of the award year.
- L. Review and audit the Institution's management of Cal Grant funds for compliance with state and federal law and regulations and Commission policies.

## **ARTICLE VI**

### **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 representatives. It supersedes any prior Agreements executed between the Commission and the Institution, and automatically terminates upon the occurrence of any of the conditions below:

- A. The Institution undergoes a change which results in change of ownership or control; or
- B. The Institution closes or ceases operation; or
- C. The Institution or site no longer possesses all of the requirements for a qualifying institution; or
  - a. a shift in control,
  - b. change of ownership,
  - c. or any other significant change in the control of the institution
- D. The Commission's representative requests termination of this Agreement in writing; or
- E. The Institution's Chief Executive Officer requests termination of this Agreement in writing; or
- F. June 30, 2007.

## **ARTICLE VII**

### **Certification**

As Chief Executive Officer of this Institution, I agree that this Institution and its "campus(es)" (if any) will comply with all state and federal statutes and regulations, rules, and guidelines applicable under this Agreement.

Name and Address of Main Campus: USED School  
Identification Number

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Name(s), Address(es), and Phone Number(s) of Branch Campus(es) included in this Agreement: USED School  
Identification Number

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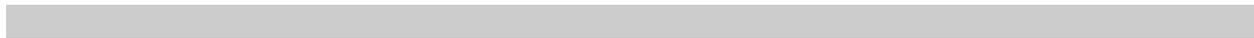
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Please indicate which of the following section(s) establish your Institution's eligibility to participate in the Cal Grant Programs. Many institutions' eligibility is established through Section 69432.7(l)(1) or (3) or 69440(a) of the CEC. If your Institution is seeking to establish eligibility through Section 69432.7(l)(2) of the CEC, please complete the attached "Financial Statement and Demonstration of Administrative Capability to Participate in the Cal Grant Programs" form.

Section 69432.7(l)(1) of the CEC states: "Qualifying institution" means the following:

***"Any 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: (A) Federal Work-Study, (B) Perkins Loan Program, [and] (C) 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.***

...

Initial if applicable:

\_\_\_\_\_ I hereby certify that this Institution meets the requirements of Section 69432.7(l)(1) of the CEC.

Section 69432.7(l)(3) of the CEC states:

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

Initial if applicable:

\_\_\_\_\_ I hereby certify that this Institution meets the requirements of Section 69432.7(l)(3) of the CEC.

Section 69440(a) of the CEC states:

***“Commencing with the 2001-02 academic year, and each academic year thereafter, Cal Grant T awards shall be used only for tuition and student fees for a maximum of one academic year of full-time attendance in a program of professional preparation that has been approved by the California Commission on Teacher Credentialing.”***

Initial if applicable:

\_\_\_\_\_ I hereby certify that this Institution meets the requirements of Section 69440(a) of the CEC.

\_\_\_\_\_ I will immediately notify the Commission if the Institution ceases to be eligible under Sections 69432.7(l)(1) or (3), 69440(a) of the CEC, or Article VI of this Agreement.

**Additional requirements:**

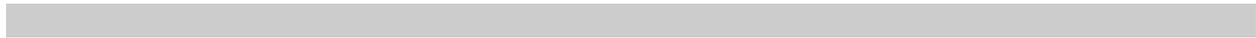
Section 66290 of the CEC states:

***“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.”***

\_\_\_\_\_ I hereby certify that this Institution meets the requirements of Section 66290 of the CEC.

I certify that the Institution is eligible to participate in the Cal Grant Programs and will provide the following documentation with this Agreement:

1. A copy of the Institution's final authorization notice of funding for allocation of the Federal Pell Grant and federal campus-based student aid programs (SEOG, Work-Study, Perkins Loan) for the current award year. If more than one campus is funded through the same allocation, documentation (i.e. accounting ledger entries, payroll statements, etc.) that verifies each campus (es)' participation in Pell Grant and two of three federal campus-based program awards is required.
2. A copy of the Institution's existing disbursement and refund policies.



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Signature of Institution's Chief Executive Officer

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Date

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Type or Print Name and Title

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Signature of Commission Representative

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Date

Max Espinoza, Chief, Program Administration & Services