Item 12

Action Item

Consideration of an interim Institutional Participation Agreement for 2016-17

The Institutional Participation Agreement (IPA) establishes the administrative, fiscal, and information security requirements for eligible institutions participating in the Cal Grant program. The current IPA expires June 30, 2016.

Commission staff have continued to work in collaboration with external stakeholders to update and finalize the 2016-2020 IPA. At the November 2015 Commission meeting, the Commission's and staff's consensus was that an interim IPA was appropriate to allow more time to consult with stakeholders and finalize proposed amendments for the final four-year IPA beginning with the 2017-18 fiscal year.

On December 14, 2015, the University of California – Office of the President hosted an in person meeting with segmental representatives and Commission staff to discuss the pending proposed amendments to the IPA. At the meeting, the group reached agreement on several of the proposed amendments. The IPA committee agreed to the one-year interim IPA for the 2016-17 year and to continue discussions on the remaining pending proposed amendments.

The interim IPA is provide in Item 12.1. It includes some updated technical changes vetted and agreed upon by the stakeholders and, upon Commission approval, will become valid July 1, 2016 through June 30, 2017.

Recommended Action: Approve the interim Institutional Participation Agreement for the period beginning July 1, 2016 through July, 2, 2017.

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

Tae Kang, Senior Manager
Program Administration and Services Division

2016-17 CAL GRANT PROGRAM
INSTITUTIONAL PARTICIPATION AGREEMENT

Name of Institution: _____

Address of Institution: _____

Office of Postsecondary Education Identification (OPE ID) Number: _____

Names and mailing addresses:

President/Chief Executive Officer/Chancellor

_____

_____

_____

Financial Aid Director:

_____

_____

_____

Cal Grant Coordinator:

_____

_____

_____

Chief Fiscal Officer:

_____

_____

_____

Please return to:	**For assistance please contact:**
California Student Aid Commission Program Administration & Services Division ATTN: IPA Processing P.O. Box 419028 Rancho Cordova, CA 95741-9028	Institution Support 1-888-194-0153 schoolsupport@csac.ca.gov

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

ARTICLE I - Cal Grant Programs Administration - Participation

The California Student Aid Commission ("Commission") and _____

_____, hereafter referred to as the "Institution," agree to the terms contained in this Institutional Participation Agreement (Agreement).

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

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

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

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

ARTICLE II - Cal Grant Programs Administration - General Provisions

A. The Institution understands and certifies that it is a qualifying institution as set forth in California Education Code (CEC) 69432.7(l) and that it shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution. The Institution shall immediately notify the Commission whenever it fails to meet the minimum qualifications for participation as set forth in CEC 69432.7(l).

   1) An institution that no longer meets the definition of a qualifying institution will have its Agreement terminated effective the last day of the award year for which it met the definition of a qualifying institution. The Institution shall be required to reconcile all outstanding Cal Grant transactions and return any unused funds no later than ninety (90) calendar days following termination.

   2) Should the institution regain its status as a qualifying institution, the institution must execute a new Agreement prior to participation in the Cal Grant Programs.

B. The Institution agrees to maintain standards of administrative capability and financial stability in accordance with federal and state law and regulations. Refer to the Cal Grant Handbook ~~procedure book~~.

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

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

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

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

G. The Institution agrees to maintain a current designation of individuals in WebGrants who are responsible for coordinating and communicating with the Commission on matters related to the provisions of this Agreement. Changes to staff that administer Cal Grant programs must be updated within fifteen (15) calendar days of occurrence.

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

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

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

K. As a condition for its voluntary participation in the Cal Grant Programs, the Institution shall annually report to the Commission, as specified in regulations adopted by the Commission, ~~both of the following for its undergraduate programs:~~ data for its undergraduate programs. [CEC 69433.2]

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

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

~~a. designed or advertised to lead to a particular type of job; or~~

~~b. advertised or promoted with any claim regarding job placement.~~

L. An Institution that is required to provide notice of suspected fraud under State Administrative Manual (SAM) section 20080 shall concurrently notify the Commission of suspected fraud if the activity involves Cal Grant students or funds.

ARTICLE III - Cal Grant Programs Administration - Account Maintenance - Institutional Responsibilities

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

B. The Institution agrees to maintain a current designation of individuals who are responsible for Cal Grant account maintenance through adherence to Generally Accepted Accounting Principles (GAAP). The Institution also agrees to maintain a separation of function/duties between individuals who authorize and disburse Cal Grant funds so that no one individual is responsible for both functions.

C. The Institution agrees to maintain an accounting system that conforms to GAAP that includes such items as, but is not limited to, cash receipts and disbursement journals, bank account reconciliation, evidence of receipt of Cal Grant funds, disbursement of Cal Grant funds to recipients, and all other accounting records necessary to account for all transactions. All Cal Grant funds must be properly recorded and allocated to the appropriate award year for which the funds were advanced and disbursed.

D. The Institution agrees that all Cal Grant funds, including term advances transferred by the Commission pursuant to CEC 69432.8, constitute State funds, owned by the State, and held in trust for the State, until the funds are withdrawn to be paid as an award for an eligible Cal Grant recipient or as otherwise directed by the Commission.

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

a. Absent a separate bank account, the Institution must ensure that its accounting records clearly reflect that it identifies Cal Grant funds as readily as if those funds were in a separate account; and

b. The Institution must identify earnings on Cal Grant funds in the Institution's bank or investment account.

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

2) Annual interest earned on Cal Grant funds constitute State funds and must be remitted to the Commission on behalf of the State no later than March 1 following

the calendar year for which the interest accrued (e.g. March 1, ~~2012~~ 2017, for calendar year ~~2011~~ 2016).

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

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

5) Institutions have a fiduciary responsibility to ensure that State funds are used only for the benefit of eligible students. Under no circumstances may the Institution use State funds for any other purpose, such as:

   a. Paying operating expenses

   b. Collateralizing or otherwise securing a loan

   c. Earning interest or generating revenue in a manner that risks the loss of State funds

   d. Subjecting State funds to liens or other attachments (such as certain overnight investment arrangements or sweeps).

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

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

ARTICLE IV - Cal Grant Programs Administration - Disbursement - Institutional Responsibilities

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

B. Confirmation of Eligibility: Institutions agree to Confirm that the recipient meets all eligibility and program requirements specified in the CEC, applicable regulations, this Agreement and the Cal Grant Program Handbook at the time Cal Grant funds are paid to the recipient or the recipient's account. ~~using all existing information, including but not limited to the Institutional Student Information Record (ISIR), student self-certification and retain affidavit, if applicable, federal verification documentation, in the possession of the Institution. [CEC 69432.7(k)] Resolve and report to the Commission prior to~~

~~disbursement any conflicting information (pursuant to the most current Federal Student Aid Handbook and the Blue Book published by US Department of Education (USED) that may affect the disbursement of Cal Grant funds, including the following if applicable:~~

1) The recipient is a U.S. citizen or an eligible non-citizen [CEC 69433.9(a)], or after January 1, 2013, the recipient meets the eligibility requirements specified in CEC 68130.5(a).

2) In the case of a recipient without lawful immigration status, after January 1, 2013, the Institution must maintain an affidavit executed by the recipient stating that the recipient has filed an application to legalize his or her immigration status or will file an application as soon as he or she is eligible to do so unless the recipient is a U Visa holder. [CEC 69508.5, 68130.5] For those recipients attending more than one Institution or who transfer between Institutions, each Institution is required to maintain an affidavit in its records.

3) The recipient has met U.S. Selective Service requirements. [CEC 69433.9(b)]

~~4) The recipient has a valid Social Security number [CEC 69433.9(a)] or, if the recipient does not have a valid Social Security Number, the recipient meets the eligibility requirements specified in CEC 68130.5(a).~~

4) The recipient is not in default on any Title IV educational loan or does not owe a refund on any Title IV grant (e.g. Federal Pell or Federal Supplemental Educational Opportunity Grant) or any State grant program administered by the Commission. [CEC 69507.5 and 69433.9(d)]

5) The recipient is not incarcerated. [CEC 69433.9(c)]

6) The recipient meets the California State residency requirements for at least one year as of the residence determination date with the exception of those students eligible under AB 540. [CEC 68130.5]

   a. The residence determination date may be established by one of the following:

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

      ii. ~~The first day of instruction of the term for the award year in which the student is enrolled as a Cal Grant recipient shall be~~ The residence determination date for Cal Grant purposes shall be either the first day of instruction of the term for the award year in which the student is enrolled as a Cal Grant recipient, or the date the Commission uses to make the preliminary determination of California residency for purpose of offering a Cal Grant.[1]

      ~~iii. "In other cases, the residence determination date for Cal Grant purposes shall be either the first day of instruction of the term for the award year in which the student is enrolled as a Cal Grant recipient, or the date the Commission uses to make~~

[1] Institutions shall apply the same residence determination date(s) to all their students uniformly.

~~the preliminary determination of California residency for purpose of offering a Cal Grant."~~

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

c. Non-public Institutions may adopt the regulations in 5 CCR 54020 and 54024 or they may develop and document their own policy which is ~~not inconsistent~~ consistent with 5 CCR 54020-54024 and CEC 68060-68062, including the resolution of conflicting information in the possession of the Institution.[2]

d. Conflicting residency information may include indicators on the ISIR such as:

   i. Permanent mailing address in a state other than CA

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

   iii. Student's state of address not CA

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

   v. (If minor) parent's state of address not CA,

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

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

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

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

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

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

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[2] The Commission acknowledges the validity of differing residency requirements among the segments of California postsecondary education. Nevertheless, the Commission strongly recommends that in the case of a student who has been determined to be a resident, has received a Cal Grant, and then transfers to another California postsecondary institution, that institutions NOT REESTABLISH residency requirements only in relation to the reception of the student's Cal Grant.

11) The enrollment status for each recipient on the grant roster must be as defined in CEC 69432.7 and CCR 30004.

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

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

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

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

C. Disbursement of Cal Grant Funds

1) Establish and maintain a written disbursement policy for each educational program, if different from the standard disbursement policy used by the Institution. Each participating Institution must have a published term-by-term calendar identifying the Institution's course "add/drop" and/or financial aid enrollment census dates or the equivalent and must produce the written calendar upon request.

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

b. Disburse no more than that which the recipient is eligible to receive per payment period. The award to a half-time or three-quarter-time recipient shall be prorated based on the participant's enrollment status. [CEC 69433.5(b), CEC 69432.7(f), CCR 30004]

c. Report payment transactions through WebGrants or data files as early as practicable, but no later than sixty (60) calendar days following the end of the payment period or the final determination of eligibility.

d. Report payments within fifteen (15) business days of disbursement but no later than sixty (60) calendar days following the end of the term.

e. Any funds disbursed to a recipient in excess of that which the recipient is eligible to receive is considered an overpayment. Correct any Cal Grant ~~overawards by adjusting other financial assistance, offsetting subsequent term payments within the same award year, or, if necessary, returning the overage to the Commission. California law does not allow tolerance levels on overawards.~~ overpayment and return the overage to the Commission, if necessary.

f. Make all disbursements and adjustments no later than December 31, following the end of the award year (e.g. December ~~31,~~ ~~2012~~ ~~2017~~, for award year 2016-17 ~~2011-12~~).

g. Disburse Cal Grant payments based on the recipient's enrollment status using the Institution's add/drop date, financial aid census date, or its equivalent.

2) Establish and maintain a written Institutional Refund Policy which includes the disposition of Cal Grant funds to include the following:

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

b. The Institution must return Cal Grant funds to the Commission before refunding any other funding sources other than refunds of federal Title IV program funds required by the Return of federal Title IV (R2T4) funds regulations.

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

D. Reconciliation of Cal Grant Funds

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

2) Payment Period Reconciliation

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

b. Reconciliation does not preclude adjustments or payments after that date.

3) Final Reconciliation

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

b. ~~Reconcile all award year Cal Grant funds received and disbursed by the Institution no later than December 31 following the award year (e.g. December 31, 2012, for the 2011-12 award year). The Institution must report adjusted payment transactions for payment transactions previously reported in error.~~ Institutions shall reconcile all award year Cal Grant funds received, and disbursed by the Institution no later than December 31 following the award year or an earlier final processing date as ~~authorized~~ directed by the Commission.

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

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

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

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

g. Cal Grant awards must be disbursed for the fiscal year appropriated based on the budget act of that fiscal year. Therefore, excess funds must be returned to the Commission.

h. Participating Institutions shall agree to pay any institutional liability that is determined as a result of a program compliance review within the time specified in the program review report.

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

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

E. Electronically submit annual College Cost Estimate to the Commission by the deadline specified.

ARTICLE V - Cal Grant Programs Administration - Commission's Responsibilities

A. Maintain the Grant Delivery System (GDS).

B. Maintain the WebGrants System.

C. Maintain the WebGrants for Students System.

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

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

F. Make a preliminary determination that Community College Transfer Entitlement Award recipients are residents of California at the time of high school graduation or its equivalent through use of a student self-certification under penalty of perjury. [CEC 69436 (d)(3)(A)]

G. Provide the Institution with information, training and ongoing assistance with respect to the Institution's participation in the administration of the Cal Grant Programs, and consult with the financial aid community on a regular basis or as needed.

H. Develop forms, publications, and training curriculum for use in administering the Cal Grant Programs in consultation with ~~.The Commission will consult with~~ students, parents, high school counselors, financial aid administrators, and other stakeholders on a regular basis or as needed.

I. ~~Generate and~~ Provide electronic data files and Grant Rosters to the Institution of potentially eligible recipients that include names, unique identifiers and payment amounts.

J. Provide the Institution with procedures for completing payment transactions.

K. Notify the Institution of accepted and rejected payment transactions.

L. Reconcile accepted payment transactions.

M. Provide the State Controller's Office with the documentation needed to issue Electronic Funds Transfer ~~(EFT)~~ or mail warrants for payment to the Institution.

N. Provide the Institution with updated electronic data and Grant Rosters identifying reconciled payments.

O. Invoice the Institution for funds due the Commission as a result of the final reconciliation process and notify the Institution if funds will be withheld pending the return of delinquent repayments.

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

Q. Perform program review of the Institution's management of Cal Grant funds for compliance with federal and state law and regulations and this Agreement.

R. Certify by ~~October~~ November 1 of each year the Institution's latest three-year cohort default rate and graduation rate as most recently reported by the U.S. Department of Education. [CEC 69432.7(l)(3)]

S. Notify an ~~the~~ Institution that does not meet the advance payments requirement that future Cal Grant advances will cease and payment requests will be through the supplemental payment process. [CEC 69432.8]

T. Develop and maintain a ~~procedure handbook~~ Cal Grant Program Handbook that will guide financial aid staff in the administration of the Cal Grant Programs. Procedural updates ~~of the handbook~~ will occur on a regular basis or as needed.

ARTICLE VI - Cal Grant Programs Administration - Information Security

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

Information Security – ~~to~~ Institutional Responsibilities

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

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

Institution's Administrative Authorization for Access and Roles/Responsibilities

A. The Institution will maintain a historical record that identifies to the Commission ~~or its representative, the identification of~~ the individual(s) with access to the Commission's network or who creates or updates ~~GDS~~ WebGrants transactions with the Commission's data for ~~three (3)~~ 3-years following the last day of the award year.

B. The Institution will designate a single individual as the Authorized Official (AO), who will then designate a maximum of two other individuals as the Institution's System Administrator(s) (SA).

C. The Institution's AO will grant authority to the Institution's SA(s) to create or disable individual user accounts for that Institution's staff to access the Commission's network and data. The AO shall not have ~~SA authority or responsibility~~ authorization to access WebGrants.

D. The AO and SA(s) will be required to submit an accurate and complete "Information Security and Confidentiality Agreement" and "System Administrator's Access Request Form" to the Commission before access to the Commission's network and data is granted. If the AO and SA(s) are different at each Institution location (campus), separate "Confidentiality Agreement" and "System Administrator's Access Request Form(s)" must be completed and sent to the Commission. Copies of this documentation shall also remain at the Institution.

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

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

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

H. The Institution's SA(s) will ensure that all Institution employees or agents who require WebGrants ~~(GDS)~~ access will sign a "Grant Delivery System (GDS) WebGrants User Access Request Form" prior to being granted access to the GDS WebGrants System.

Such access will be granted for a period of time not to exceed ~~one (1)~~ 1-year, and shall be renewed upon completion of either an annual Commission-supplied or Institutional-supplied training in areas of information security, privacy and confidentiality. Copies of this documentation shall remain at the Institution.

Essential Practices in Promoting and Implementing Information Security

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

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

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

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

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

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

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

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

I. No unencrypted email containing confidential data shall be sent to the Commission.

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

Information Security – Commission's Responsibilities

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

A. Account changes submitted by the Institution will be reviewed, acknowledged and incorporated within three (3) business days.

B. The Commission shall require that passwords be changed on a regular basis.

C. The Commission shall issue periodic communications to address Information Security concerns.

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

E. No faxes or unencrypted email containing confidential data shall be sent to the Institution.

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

G. The Commission will periodically audit the security-related records of the Commission and the Institution to ensure that proper levels of access to the Commission's data and networks by proper individual(s) identified by the Institution are correct, current and complete.

ARTICLE VII - Corrective Measures

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

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

2) The Commission may require that the relevant Institution staff participate in and complete training related to areas of noncompliance.

3) ~~The Institution may be required to submit documentation, such as account ledgers, within two weeks of disbursement to confirm that each student has received or the student's account has been credited with disbursed Cal Grant funds.~~ The Commission may place the Institution on the At-Risk Reimbursement Program requiring submission of eligibility documentation (i.e., academic transcripts, award letter, account ledgers etc.).

4) The Commission may withhold processing of future payment transactions for the Institution until the Institution corrects the underlying finding or issue, which necessitated the corrective measure.

5) The Commission may withhold or stop term advances to the Institution for future terms or academic years.

~~6) The Commission may terminate an Institution's Agreement and thereby terminate the Institutions participation in the Cal Grant Programs.~~

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

C. The Institution shall be permitted to submit, and the Commission shall consider, a response to such notice, including any legal and factual reasons why such corrective measure should not be imposed. Such response shall be submitted within fifteen (15) calendar days of receipt of the Commission's written notice of its intent to impose such measure. The Commission has thirty (30) calendar days to consider the Institution's response to the notice. The Institution will be informed of the date, time and location of the public meeting at which the Commission will discuss the Institution's response and the Commission's decision thereon. The Institution will be provided with an opportunity to address the Commission. Within five (5) business days following the meeting, the Commission will issue, in writing, to the Institution its final decision on the matter.

D. The Commission may terminate an Institution's Agreement and thereby terminate the Institution's participation in the Cal Grant Programs when all attempts to bring the Institution into compliance are unsuccessful.

ARTICLE VIII - Agreement Duration

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

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

1) The Institution closes or stops providing eligible educational programs.

2) The Institution's federal Program Participation Agreement is terminated.

3) The Institution's accrediting agency has withdrawn its approval.

4) The Institution undergoes a change which results in one of the following:

   a. a shift in control, or any other significant change in the control of the Institution (excluding change of Chancellor, Chief Executive Officer, or President).

   b. change of ownership.

   ~~c. or any other significant change in the control of the Institution (excluding change of Chancellor, Chief Executive Officer, or President).~~

5) The Institution or additional location no longer possesses all of the requirements for a qualifying Institution.

6) The Institution's Chief Executive Officer requests termination of this Agreement in writing.

7) The Institution fails to meet the definition of a qualifying Institution. [CEC 69432.7(l)(1)]

8) June 30, 2017 ~~2016~~.

B. The ~~Commission's representative~~ Commission may terminate this Agreement for the following reasons, including but not limited to:

1) The Institution does not demonstrate that it has the administrative capability to participate in the Cal Grant Program(s).

2) The Institution does not demonstrate financial stability.

3) The Institution has not returned Cal Grant funds as required by a program compliance review or by an outstanding invoice within the required period.

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

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

ARTICLE IX - Certification

As President/Chief Executive Officer/Chancellor ~~/President~~ of this Institution, I agree that this Institution and its Additional Location(s) (if any) will comply with all state and federal statutes, regulations, and rules applicable under this Agreement

Name and Address of Main Campus:
(may be in a state other than California and must have address listed)

Office of Postsecondary Education Identification (OPE ID) Number *(must have -00 suffix)*

_____ _____

_____

_____

Name(s), Address(es), and Phone Number(s) of Additional Location(s) included in this Agreement (attach additional pages if necessary):
*(**must** be a California location and must have an OPE-ID number)*

OPE ID Number(s)

1. _____ _____

_____

_____

2. _____ _____

_____

_____

3. _____ _____

_____

_____

4. _____ _____

_____

_____

5. _____ _____

_____

_____

~~Name(s), Address(es), and Phone Number(s) of **Center(s)/Training Site(s)** included in this Agreement (attach additional pages if necessary):~~
~~*(**must** be California locations)*~~

_____

~~2.~~ _____

_____

_____

~~3.~~ _____

_____

_____

~~4.~~ _____

_____

_____

~~5.~~ _____

_____

_____

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)(A) of the CEC.

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

Initial any box(es) applicable to your Institution:

FOR PRIVATE/INDEPENDENT POSTSECONDARY INSTITUTIONS

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

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

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

Initial Here

OR

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

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

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

Initial Here

FOR PUBLIC POSTSECONDARY INSTITUTIONS

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

> ***"A California public postsecondary educational Institution."***

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

FOR ALL INSTITUTIONS

Section 66290 of the CEC states:

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

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

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

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

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

FOR ALL INSTITUTIONS

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

Signature: President/Chief Executive Officer/Chancellor/~~President of the Institution~~ **Date**

Type or Print Name and Title

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

APPENDIX A PROGRAM AND FISICAL RECORDS

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

A. Student eligibility

1. Documentation of California residency
2. Income and asset documentation (ISIR/Cal ISIR)
3. High school graduation verification or the equivalent
4. Need analysis and packaging information for each recipient to support financial need reported to Commission and to support final award package
5. Award notifications, full academic transcripts, ~~and~~ Add/Drop ~~Screens (SAP enrollment verification)~~ status, satisfactory academic progress, and enrollment verification
6. Enrollment agreements (if applicable)
7. Declaration of academic major/program and program length
8. Cost of Attendance (Student Expense Budgets)
9. Documentation of Professional Judgment (if applicable)
10. ~~Resolution of~~ ISIR elements requiring resolution under federal law or statute
11. Student Ledger (receipt of Cal Grant funds and all other financial aid received)
12. Citizenship status confirmation
13. Confirmation of AB 540 status
14. Confirmation of Selective Service Registration

B. Institution eligibility

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

8. ~~The school's current organizational chart.~~ The Institution's current organizational chart of administrative offices responsible for administering the Cal Grant Programs

C. Fiscal Administration

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