



## **Fast Blast**

**From the California Student Aid Commission**

### **Fast Blast for January 10, 2007**

From Diana Fuentes-Michel  
Executive Director, California Student Aid Commission

*In support of the Commission's ongoing goal of providing California's financial aid community with proactive and current updates, we are providing this update on programs, issues and recent legislation. Please share this with any interested staff who may not have received this newsletter.*

#### **Governor's proposed Budget supports growth in Commission programs**

Growth in Commission financial aid programs will be supported in the Governor's proposed budget, announced today, January 10. The proposed budget for the state fiscal year of July 1, 2007, to June 30, 2008, will provide an increase of \$41.1 million for:

- ✓ expected growth in the Cal Grant Program,
- ✓ AB 2813 enacted in 2006, which expanded the Cal Grant Entitlement by raising the maximum age of awardees up to age 28,
- ✓ funding for potential 2007 system-wide fee increases by the California State University and the University of California, *and*
- ✓ the first awards for the Assumption Program of Loans for Education, or APLE, for members of the National Guard.

In addition, the Governor's budget authorizes 600 new warrants for the APLE program for students participating in the Governor's Science and Math Teacher Initiative.

#### **Emergency regulation for late submission of Cal Grant GPAs is successful and may become permanent**

The Commission recently issued an emergency regulation extending the grace period for requests to submit late Cal Grant GPAs for certain 2006-07 Cal Grant Entitlement applicants if the late submission was out of the control of the applicant. The Commission completed reviewing these late Cal Grant GPAs with students' FAFSA information, and is pleased to announce that we made 118 additional 2006-07 Entitlement Cal Grant awards as a result of this change in policy!

The Commission expects to continue this policy change for 2007-08, and is requesting a permanent regulation with the following addition: Applicants, in addition to schools, will have the option to appeal their Cal Grant denial by filling out a certification verifying that late submission of the Cal Grant GPA was out of their control. The student may then be considered for a Cal Grant.

Look for an *Operations Memo* from the Commission describing the emergency regulation and policy change. If you have questions, contact Sanjay Singh at (916) 526-8254.

#### **2007 Cal Grant Public Awareness Campaign – Your Students' "Ticket to Success"**

*Launch of the 2007 Cal Grant Campaign*-The California Student Aid Commission, with local dignitaries, Commissioner Louise McClain, the new College Cash Crew (see below), key spokespersons and I will launch the 2007 Cal Grant Public Awareness Campaign in San Diego on January 16 at Mission Bay High School. This event will also highlight the availability of local and statewide Cash for College workshops.

*College Cash Crew New This Year*-The 2007 Campaign includes a new, unique element – the Cal Grant “College Cash Crew” – a group of college students and recent college graduates from different regions of California who all have used a Cal Grant for their education beyond high school. During January and February, the College Cash Crew will help spread the word about Cal Grants and Cash for College workshops at local high school events in San Diego, Los Angeles, Oakland, Sacramento and Fresno.

*2007 College Cash Box*-You’ve probably received the 2007 College Cash Box in the bold gold and black packaging with a variety of convenient materials – the Lesson Plan and Resource Guide for teachers, Tips for students filling out the FAFSA, articles for school newspapers, the Fund Your Future booklets, posters, training videos and much more, to be used when instructing students to fill out the FAFSA and to apply for a Cal Grant before the March 2 deadline.

In addition, *New Interactive Banners* on selected Web sites allow students easy access to the Commission’s revised *calgrants.org* Web site, and don’t forget to listen for the Cal Grant radio and television spots that are airing statewide. If you have any questions or comments regarding the 2007 Cal Grant Public Awareness Campaign, contact Cheryl Lenz, Outreach Coordinator, at (916) 526-8955.

### **Heads-Up Announcement**

In our ongoing efforts to reach students with the Cal Grant message, the Commission’s 2007 Public Awareness Campaign is initiating an exciting new text messaging option for students. Students may text “49700” (means “for \$9700”) to sign up for text-messaged Cal Grant Alerts via their cell phones. These Alerts will remind them to complete the application process and apply before the March 2 deadline.

Since this is a new process, the Campaign is working with cell phone carriers to provide students with this service. However, some carriers may not activate the option for a few more weeks. **At this time, the Commission has completed arrangements with Sprint, Nextel and Boost to have the service established, and we are working with T-Mobil, Verizon and Cingular. We need your help with encouraging students to continue to try the 49700 option—their carrier may not activate the option in January, but may in February. We’ll keep you updated in the upcoming February CSAC Fast Blast, and in the meantime, we thank you for your assistance in encouraging your students to keep trying the option.**

### **Spanish-Language Telephone Volunteers Needed!**

The Cal Grant campaign includes a prime-time evening television program on Spanish-language channels in several areas of the state. Each program will feature speakers and information on financial aid, and in the background a group of financial aid experts will be answering, in Spanish, calls from Spanish-speaking viewers. If you wish to volunteer to come to a TV studio and participate in answering telephone questions during the program, please give us a call.

The programs are scheduled for:

- ✓ San Diego on Tuesday, January 23 – early bird shift to 7 p.m.
- ✓ Los Angeles on Wednesday, February 7 – 5:30 p.m. to 11:30 p.m.
- ✓ Cal Grant Call-in Day sponsored by KCRA Channel 3, Sacramento, on Wednesday, January 24 – an all-day event, starting at 5:00 am and ending at 7:00 pm.

*Would you like to answer calls concerning financial aid?* Contact Despina Costopoulos at [cashforcollege@csac.ca.gov](mailto:cashforcollege@csac.ca.gov) if you want more information or wish to volunteer for one of the events.

### **Cash For College program expanded this year**

The Cash for College program, offering free financial aid workshops staffed by professionals, is even bigger this year and will be in more California communities than ever. In January and February, more than 300 workshops will be presented around the state. At each workshop, students and parents can get help filling out a Free Application for Federal Student Aid (FAFSA) and the Cal Grant GPA Verification Form- the two forms students need to submit before March 2 to be considered for a Cal Grant.

*More Scholarships Available Than Ever Before*-The Education Financing Foundation of California is partnering again with the Commission and is sponsoring a \$1,000 scholarship *for each workshop*, more than 300 scholarships in all. To be a candidate, high school seniors need to complete an exit evaluation at a workshop and submit a FAFSA and a Cal Grant GPA Verification Form before the March 2 deadline. Recipients are selected randomly and notified after the March 2 deadline in late spring. The scholarships must be used at a 2-year or 4-year degree-granting institution this fall.

*About the Workshops*-Workshops typically start at 9 a.m. or 10 a.m. and end at 1 p.m. or 2 p.m., but students and parents can drop in any time and stay as long as they wish. Usually there is a Spanish-speaking financial aid professional at each workshop. Sometimes help in other languages is available, depending on the community. Students and families receive guidance on how to apply for a Cal Grant and information on some other types of financial aid. Be sure to tell your students about the workshops and the chance at a \$1,000 scholarship. Logon to *calgrants.org* and click on *workshops*, or call the Commission at 888-224-7268 during business hours to find the date and location of the nearest workshop in your community.

The workshops have a great track record- about 70 percent of students attending last year's workshops completed the two forms to apply for a Cal Grant and other financial aid, so attending local workshops can play an important role in helping your students apply successfully.

*You Can Volunteer* If you wish to participate in a Cash for College workshop as a volunteer, your assistance would be very welcome. Just logon to *calgrants.org* and click on *Want to be a Volunteer?*

### **Recent Change for 529 Savings Plans Enacted by Congress**

The *Wall Street Journal* recently reported that "After a recent slowdown, 529 plans are once again a hot investment. Growth in the state-run college-savings accounts started to pick up soon after Congress acted in August to make permanent their federal tax breaks - which were set to expire at the end of 2010. At the same time, states and plan managers have rolled out or expanded a number of incentives, such as richer tax breaks and lower costs."

As you probably know, California's "529" Plan is the ScholarShare savings plan. The ScholarShare Investment Board voted, in November, to have Fidelity Investments take over the management of the plan. The age-based investment option is offered in two versions, one using actively-managed funds and another using index funds. Additional Information is available on the ScholarShare Web Site at <http://www.scholarshare.com/>.

***The Higher Education Reconciliation Act (HERA)***, enacted on February 8, 2006, made several changes to the Higher Education Act that impact the 2006-07 award year. The federal Department of Education (USED) provided implementation guidance for:

- The definition of estimated financial assistance (EFA);
- The construction of a student's cost of attendance (COA);
- The treatment of qualified education benefits, such as IRS 529, or "529," pre-paid tuition and savings plans;
  - *When students enter information on a FAFSA, they should be aware of the new provisions: For dependent students, assets in a 529 plan shall not be considered as an asset of the student, but would be reported as an asset of the parent if the parent (including a step-parent) is the owner of the plan. If the dependent student "owns" the 529 plan assets, those assets would not be reported as an asset on the FAFSA.*
  - *For independent students, assets in a 529 plan owned by the student are considered an asset of the student and should be shown on the FAFSA.*
- Including active duty military members in the definition of an independent student;
- The student eligibility provision related to drug convictions; and
- The treatment of certain assets and resources;
  - *Treatment of Small Business Assets:* now excludes as an asset the net worth of a family-owned and controlled small business. A small business is defined as one with less than 100 employees. If an institution becomes aware that a student or dependent student's

parent(s) reported the net worth of a family–owned and controlled small business as an asset on the FAFSA, the institution should assist the student in correcting the net worth of investments fields (Questions 45 & 83). The institution must decide what documentation is needed from the family to verify this information.

If you have questions or for more information, email the Commission at [schoolsupport@csac.ca.gov](mailto:schoolsupport@csac.ca.gov). Also, you can contact the USED directly at 1-800-4-FED-AID.

### **CSAC Governmental Relations Update**

*At the State Level-* The Commission's Governmental Relations staff is busily working with the new members and committee members in the California Legislature. The Legislature returned on January 3 and the bills will begin to flow very soon. As you may have heard, we have a new staff Legislative Liaison/Analyst, Darrine Distefano. Her career includes experience as a Legislative Analyst with the Franchise Tax Board. As we move forward into the 2007-08 Legislative Session, we will be meeting with every Senator and Assembly Member and their staff to tell them about the Commission's programs.

*News from Congress-* Congress also returned to work last week with a new Democratic Majority and a new House Leader in Nancy Pelosi (D-CA). The new House Speaker (and first woman to hold that critical role) has pledged to make education more affordable – cutting the interest rate in half on federally subsidized loans.

According to the Chronicle of Higher Education, Congress will also be considering new spending bills that include increased financing for student aid and scientific research.

In September, Secretary Spellings' Commission on the Future of Higher Education called for restructuring the federal student aid programs but provided few details on how to go about it. The College Board has established the Rethinking Student Aid Study Group to examine whether or not government financial aid programs are fulfilling the goals that were set for the programs when they were created and to seek improvement.

Senator Edward Kennedy plans to introduce the Student Loan Sunshine Act that would require colleges to report to the Secretary of Education annually "any financial or material benefit" received from a lender that originates loans at the school. It would also require schools to publicly report the interest rates on loans from lenders on their preferred lender list as well as provide evidence demonstrating the agreements offer "highly competitive" rates for students. Senator Kennedy also wants to increase Pell from \$4,050 to \$5,100.

**Talk with us-** The Commission appreciates any comments or feedback you may have on the *Fast Blast*. Please forward your comments to [fastblast@csac.ca.gov](mailto:fastblast@csac.ca.gov).

On behalf of the Commission and Commission staff, I want to wish  
our financial aid partners a successful 2007.



**January 10, 2007**