1

Information/Action Item

GRANT ADVISORY COMMITTEE

Approval of October 21, 2004 Minutes

Enclosed, for the Committee's review and approval, are the minutes from the October 21, 2004 Grant Advisory Committee Meeting.

CALIFORNIA STUDENT AID COMMISSION

GRANT ADVISORY COMMITTEE MEETING

3300 ZINFANDEL DRIVE
SACRAMENTO, CALIFORNIA
Thursday, October 21, 2004
Friday, October 22, 2004

ADVISORY COMMITTEE MEMBERS

Lora Jo Bossio, Chairperson, UC
Maureen McRae Levy,
for Catherine Thomas, Vice-Chairperson
Louise McClain, Commission Liaison
Sharon Bowles, K-12
Gary Byers, PI
Nicole DeMartini, CSU student
Karl Engelbach, CPSE
Noelia Gonzalez, CASFAA
Sherri Hancock, CCC
Maria Hernandez, CSU
Kate Jeffrey, UC
Mary Lindsey, PI
Aram Nadjarian, AICCU
Mary Robinson, CSU
Ryan Sanders, UC
Michelle Sliwa-Macias, K-12
Veronica Villalobos, AICCU
Craig Yamamoto, CCC

STAFF

Diana Fuentes-Michel, Executive Director
Sally Atlas, Manager, Training Unit
John Bays, Chief, Information Technology Division
Steve Caldwell, Manager,
Government and Public Affairs
Carole Solov Durante, Information Officer,
Government and Public Affairs
Max Espinoza, Chief, Grant Services Division
Brenda Keebaugh, Sr. Project Analyst,
Information Technology Division
Sam Kipp, Research Analyst,
Government and Public Affairs
Cheryl Lenz, Research Analyst,
Government and Public Affairs
Brenda Metzger, Liaison, Grant Operations
Edna Ong, Research Analyst,
Government and Public Affairs
Anne Robertson, Manager, Grant Operations
Liisa Rohmer, Research Analyst,
Policy and Research
Karen Vogel-Henderson, Research Analyst,
Government and Public Affairs
Keith Yamanaka, Special Counsel

Tab 1: Introduction of New GAC Members and CSAC staff

Committee Chair Lora Jo Bossio requested that due to the number of new committee members, the meeting begin with a round of introductions.

Tab 2: Approval of October 16, 2003 minutes

Committee member Bowles moved to approve the minutes of the October 16, 2003 meeting with corrections. The minutes were approved with one abstention.

Tab 3: Purpose and Mission of the Committee

Grant Services Division Chief Max Espinoza presented the purpose and mission of the GAC committee for new committee members and staff. Chief Espinoza noted that GAC reviews and recommends changes or reacts to proposed changes by staff, relating to the programs and policies that may affect the administration of the Cal Grant program. The Executive Director and Commission staff in consultation with the GAC Chair, have noted how important GAC is to the Commission and are interested in having a discussion about the committee meeting three times a year, versus one time as it has occurred this year. There is a concern about the executive order that requested all departments, boards, commissions and advisory bodies limit themselves to one meeting annually. Also, it would be proposed that those institutions that can pay for their representatives to attend these meeting consider doing so. The Commission would try to find a way to provide for the expenses of the student representatives and the high school representatives, due to their constraints.

Committee member Gonzalez noted that the CASFAA representative is missing from the membership listing as presented in the agenda. Committee member Robinson noted that it should read “CASFAA” where it reads “one representative from the California Community Colleges Chancellor’s Office” because it has already been addressed under two members from each segment in the first bullet.

Chief Espinoza noted that another options for holding meetings would be utilizing conference calls in addition to the in-person meetings. It is understood that the members would need to return to their institutions and discuss whether the institution would cover the representative’s expenses. Executive Director Fuentes-Michel indicated that staff would like to come to an understanding with GAC on what issues the committee would like to work on and how to accomplish the work given the constraints the Commission is under from the executive order. It is anticipated that the budget deficit will continue into next year. By putting a plan together now, staff can go back to the Commission to see if resources can be redirected to cover additional meetings.

Committee member Robinson noted it is important to discuss what issues are critical to the Commission when deciding on how many meetings GAC needs to have during the year. GAC decided to work on two issues last year due to the budgetary constraints.

Committee member Lindsey stated that in prior years, when the workgroup met, the representative covered their own expenses but when it was a full committee meeting, the Commission covered expenses. Ms. Lindsey also noted that if the meetings are held in southern California, the Fashion Institute (FIDM) could host the meeting.

Committee member Yamamoto indicated that the Community Colleges have a conference calling system that is available for use by the committee.

Commissioner McClain indicated that teleconferencing works well for single issues but for multiple tasks, it can be difficult. She noted that the Commission currently uses a teleconference for work group issues and the Commission meetings have become much more streamlined because of it.

Committee member Robinson noted the areas that GAC discussed at the previous year’s workshop were GPA issues, aid for older “non-traditional” students, expansion of the Cal Grant C program, augmentation of the Commission’s capability with system wide or institutional data.

Ms. Robinson also wanted to note the importance of communication between Commission staff and the broader financial aid community in California, specifically addressing the functioning of the Commission. She noted that Commission meetings have been scheduled simultaneously and so interested observers find it difficult to participate in all meetings. Ms. Robinson also mentioned that public comments are not asked for during the meetings, only at the end of the entire meeting. Ms. Robinson requested that the Commission should invite public comments at the end of every item.

Executive Director Fuentes-Michel noted the concerns and directed Special Counsel Keith Yamanaka to look into Ms. Robinson's concerns and make sure that the Commission is following the requirements of the open-meeting act.

Chair Bossio stated that the committee members were interested in meeting more than once a year. The discussion brought forth three options. Option one would be three in-person meetings per year, with CSAC paying for the high school counselors and student representative's expenses being covered by CSAC with the institutions being asked to cover their members expenses. Option two is to have three in-person meetings but also have workgroup meetings via conference call to which the members would cover the expenses. Option three is to have one in-person meeting but have conference calls on specific topics and workgroup meetings throughout the year but on a more formalized, regular basis.

Executive Director Fuentes-Michel indicated that it might be helpful for everyone to listen to the Executive Director's report prior to deciding upon the number of meetings per year. Ms. Fuentes-Michel noted that there are serious budgetary concerns that need to be discussed that may influence the number of meetings needed. Chair Bossio decided to move any decision on this topic to tomorrow when the schedule for next year can be finalized.

Tab 4: Committee Chair's Report

Chair Bossio thanked every one for attending and thanked CSAC staff for organizing the meeting. The GPA workgroup did meet last year but the selection criteria workgroup did not meet but will meet tomorrow. The Commission has held meetings throughout the year and the Grant Advisory Committee has not always had a work group meeting at the Commission meetings so there is not a lot to comment on.

Commissioner McClain welcomed new GAC members and welcomed back returning GAC members. Ms. McClain indicated that she would be unable to attend the workshop due to a commitment to attend a meeting in San Diego with Jane Einhorn from R,S &E, the Commission's marketing firm. They will be working in collaboration with AVID (Advancement Via Individual Determination) who has a outreach contract with the Commission to get a FAFSA to every senior in the state of California. AVID has direct daily contact with two-thirds of the high schools in the state. The AVID program is divided by region. The region leader goes to each high school in their region that participates in their program, gets a commitment from two people at the site to complete the project.

As a Commissioner who has been working with Outreach for the past four years, Ms. McClain noted that there are many duplicative outreach efforts in the State of California. Ms. McClain and Executive Director Fuentes-Michel attended an Outreach Summit recently in San Jose for outreach efforts in California. The meeting was organized with the help of the Intersegmental Coordinating Committee (ICC) and GearUp. CCCSFAA and CASFAA, Boys and Girls Clubs, Cal SOAP, University of California, State University representatives and faith based organizations were present at the meeting as well.

Tab 5: Executive Director's Report

Executive Director Fuentes-Michel indicated that the budget situation has not improved over last year. The Department of Finance (Finance) is not accepting any budget change proposals (BCP) for consideration this year. Conversations are on-going about next year's budget as well. There are potential cuts for the Cal Grant program next year. Last year, reductions in the Cal Grant program were averted but there were cuts in the size of the award for students who were attending an independent college or university. That award was originally proposed to be cut by 44 percent but was cut only by 14 percent for new students.

Last year, the budget proposal included a reduction to the Cal Grant program, a decoupling proposal to the public institutions, a 44 percent reduction of grants to the independents, a reduction to the APLE program, a proposed reduction in the income ceilings and a proposed reduction to the size of the Cal Grant program. The Commission was successful in restoring many of the reductions. The Commission lost the Work Study and Cal Grant T programs. The APLE program is still in place and the Commission was successful in preventing the reduction of the APLE program.

Last year, the Commission was able to fund grants to foster youth through the Chafee program. The Commission received $7 million from the federal government over a six-month period to fund the grants to foster youth. Staff worked very diligently to get the contract in place and actually got awards out within several months of the contract. The Commission was able to award $6.5 million in grants in a six-month period. Staff was on the phone to eligible youths up to the five o'clock deadline so all money would be spent. The federal government and the Department of Social Services have informed the Commission that there will be $8 million available for the Chafee program next year.

The Specialized Programs unit physically relocated to the CSAC main building. This will allow for Grant and Specialized program staff to work more closely together on projects.

Executive Director Fuentes-Michel indicated that the day-to-day decisions are based on how they affect students. The first priority of the Commission is to make sure that we maintain the Cal Grant program and its integrity, maintain the size of the awards and get the awards out to as many students as possible. While the quality of work the staff completes internally is amazing, there is room for improvement. GAC has identified a number of issues that need to be fixed that staff and the Executive Director have reviewed.

The GAC agenda included a California Performance Review (CPR) fee waiver proposal and an update on the CSAC Business Diversification Plan as well as a draft of the "Strawman" recommendations of the California Performance Review.

The California Performance Review was a Commission of state staff that since been sent back to their originating agencies. The CPR put together a report that contained 2,500 recommendations which they then took to a Commission of 23 public members in a hearing format. There were eight hearings where they invited selected people to speak about the recommendations. One of those people was Commissioner Roth. The hearings took place over a month and a half. There were meetings with staff, then higher level staff. Chon Gutierrez, Director of DMV and other governmental appointees met with Executive Director Fuentes-Michel, Commissioner Moore and Commissioner Roth and discussed the Cal Grant program and CSAC and EdFund, which were the two issues that the CPR Commission focused on. CSAC staff looked at their recommendations and worked collaboratively with the Governor's Office, providing information to them.

The Governor made it clear what his intentions were with regard to the "Strawman" recommendations. These recommendations will go forward to the new Director of Policy within the Department of Finance (Finance). That individual will then work with staff on the budget. For CSAC, it will be Jeannie Oropeza, the Education Program Manager within Finance. Ms. Oropeza will work with the Policy Director in accepting these recommendations, providing an analysis and in conjunction with Finance, make their recommendations to the Governor for the 2005-06 budget. This report will now go through the Administrative budget process, but not necessarily the Legislative process. These recommendations may or may not appear in the Governor's budget. The Governor may choose to put it in the budget bill itself as well as put it in a resolution before the Legislature. Many of the recommendations deal with a reorganization of government.

A reorganization of government could go through a resolution process, which could be voted up or down, with no amendments from the Legislature and then sent back to the Little Hoover Commission for consideration. There is a 120 day process there when it would then be sent back to the Legislature for a final vote.

Steve Caldwell, State Legislative Liaison, noted that this is not the "final" report. The CPR is making some editing changes, fixing typos and correcting some text. The Commissioners also made it clear that not all of the recommendations in the report were totally supported by all Commissioners but that each item had a majority

of consent. The website – www.cpr.ca.gov, contains the document which is over 500 pages. It is also linked on the CSAC website.

Executive Director Fuentes-Michel noted that Commissioner Roth's comments to the Commission are available on the website as well as the summarization of the fee-waiver proposal and the update on CSAC's Business Diversification Plan. All items are available on the CSAC website for download and usage.

Executive Director Fuentes-Michel also indicated that even though Finance is not accepting any budget change proposals, the Commission has submitted correspondence on issues staff believes the Administration must address, specifically the setting a formula for the maximum award amount for students attending the independent colleges and universities.

There is an interest from the Governor's Office regarding work force training. The Commission has also included in the correspondence a consideration that the Administration needs to look at workforce training issues as they relate to population of older students.

Last year, the Legislature affirmed that fee increases at public institutions should be covered by the Cal Grant program. The effort to decouple the increases from the Cal Grant program was defeated. However, if institutions raise their fees, more money will be needed to fund the Cal Grant program.

Additional money will also be needed to maintain the growth in the program. Last year, there was a 4.8 percent increase in growth in the program, attributed to outreach efforts. Finance typically uses the high school graduation rate to determine growth in the Cal Grant program. This year, the percentage would be 2.5 percent. The program grew by almost 5 percent last year.

It is also anticipated that additional resources will be needed to fund current Cal Grant awards based on projections of retention rates of students. Last year, the Commission solved the budget problem in the Cal Grant program by agreeing to transfer $146.5 million from the Student Loan Operating Fund to the Cal Grant program. Conversations with staff indicate that Cal Grant is currently a $250 million program. In the last budget, the total funding for the Cal Grant program was over $700 million. In the past three years, the program grew from $238 to $700 million. When the legislation was written creating the current Cal Grant program, it was anticipated that the growth would be from about $238 million to a billion dollars. If current trends continue, the billion dollar figure will be reached in a year or two.

The budget problem was not fixed last year. This year, there are no more alternatives. According to the Legislative Analyst, there will be either a $5 billion deficit next year or a budget year plus one of $10 billion. The Commissions responsibility is to articulate to the Legislature the needs of financial aid. The Commission will likely be asked to perform several budget drills in the coming months regarding how to make reductions.

Commissioner Roth has set a meeting for the future of the Cal Grant program for November 3 in Los Angeles. The meetings are designed to be a citizen's commission. Commissioner Roth made the commitment to revisit a formula to set the maximum Cal Grant award amounts for independents and private institutions after the last budget discussions with the Executive Committee of the Independent Colleges and Universities. Commissioner Roth views this as a finance issue rather than a segmental issue. Finance and the Legislative Analysts Office (LAO) will be observers to these meetings. The Governor's Office will also observe.

CSAC will also be holding Cal Grant forums. No agenda has been set as yet and staff is trying to identify regions and potential institutions to hold these forums. GAC is being asked to assist on how to structure the forums and make sure that all groups are represented, to help give a voice for the need of the Cal Grant program. Several meetings will take place prior to CASFAA; another opportunity to meet during CASFAA and CCCSFAAA, then continue with meetings after CASFAA and CCCSFAAA.

The Governor has made it clear that he will do whatever it takes to bring the budget in line and higher education is very vulnerable in the discussion.

Committee member Engelbach suggested that the Cal Grant forums should not just focus on how to preserve Cal Grants but rather how to make college more affordable. Committee member Lindsey recommended including vocational and technical education with a focus on post-secondary education, not just a college education.

Committee member Nadjarian suggested that students be included in as facilitators as well as have student input. It is important to get the perspective of the person the decisions are most effecting.

Committee member McRae Levy suggested seeking out people who the Commission may not hear from as opposed to inviting people who may appear on committees that the Commission hears from on a regular basis.

Chief Espinoza noted that there will be at least eight Cal Grant forums held by region. The Executive Director will be contacting the proposed sites directly in the next day or two. The majority of the meetings will be held between January and March 2005 but there is hope that two meetings will be held prior to year end depending on workload considerations.

It was suggested that Committee member Nadjarian could assist with contacting the independent student Associations. Executive Director Fuentes-Michel indicated that she would like to bring staff members from the majority/minority houses to speak with students at these meetings.

Committee member Gonzalez indicated that the California State Student Association (CSSA) would like to invite CSAC to hold a forum at either of their board meetings. The first one is held November 12-14 in Fullerton, the second is held December 10-12 in Monterey Bay.

Committee member McRae Levy suggested video taping the forums to provide information to staff unable to attend the meeting. Committee member Nadjarian noted that the Association of Independent California Colleges and Universities (AICCU) together with Chapman University, produced a video on “What Cal Grant means to Me”. A CD of the video was provided to members of the Legislature during the last cycle.

Committee member Lindsey noted that the Commission may want to ask the institution that holds the meeting if they would be willing to assist in producing a video of the meeting for those who are not able to attend.

Tab 6: Election of Chair and Vice-Chair

Chairperson Bossio asked for nominations for next years chair and vice-chair of GAC. Chair Bossio declined to serve another year as Chair of GAC. Chair Bossio nominated Committee member Mary Lindsey for Chair. Committee member McRae Levy seconded the nomination.

Committee member Jeffery nominated Ms. Robinson for Vice-Chair but she declined the position. Committee member Robinson nominated Veronica Villalobos for Vice-Chair but she also declined the position. Committee member Villalobos nominated Sherri Hancock for Vice-Chair. Committee member Bowles seconded the nomination. Committee member Engelbach recommended closing the nominations and approving the recommendations. The nomination for Mary Lindsey for Chair and Sherri Hancock for Vice-Chair was unanimously approved with no abstentions.

Tab 7: Cal Grant Update

Chief Max Espinoza noted that the staff efforts to get the Chaffee program up and running was a significant accomplishment given the short time frame allotted. There is an extension request by the Department of Social Services to extend the deadline to spend the funds. The Commission is supporting the request. No word from the federal government to see if the extension has been approved. The Commission is moving forward for the implementation of the program for next year. Chief Espinoza extended his personal thanks to all the segments and their campuses for their help in implementing the program.

Chief Espinoza noted that the Commission received requests from GAC members and others for a comparison of Cal Grant numbers for the current year versus last year, by program and segment. Tab 7A in the agenda

shows the comparison. The entitlement awards have grown by almost 5 percent. This is a greater percentage than the high school growth rate used in the Department of Finance projections.

The overall growth change in all programs combine has been 6.8 percent to date. There was 119.7 percent growth in the transfer entitlement awards this year. This program is expected to continue to increase.

Chief Espinoza noted there has also been an increase of awards at community colleges by over 4,000 awards compared the past two years. The CSU's and proprietary institutions have had an increase of over 1,000 awards, which is an overall combined 7 percent increase.

The Cal Grant B program continues to increase in number for a combined total for all segments of 2,000 awards.

Chief Espinoza handed out a member list for the Committee on the Future of Cal Grant. Recently, Commissioner Suzuki was added to the Committee list. The first meeting will be at Occidental College on November 3rd. This is an official Commission-related meeting so those who can attend are welcome. The meeting notice is being posted today. Gloria Lopez, Commission liaison can be contacted for further questions about the meeting. The Committee chair is intending to meet twice, possibly three times depending upon the discussions at the first meeting. Chief Espinoza and Sam Kipp will be in attendance at the first meeting to provide back ground.

Chief Espinoza noted that CSAC is in the process of conducting open examination for the Financial Aid Managers (FAM) I and FAM II classifications. The Executive Director feels it is very important to recruit qualified individuals from the financial aid community and the higher educational community for the Commission. The exam notice has been provided to committee members.

Chief Espinoza also noted that there will be open examinations for the Associate Financial Aid Analysts (AFAA) classifications, which are a level below the FAM positions. Chief Espinoza indicated that staff with outside financial aid experience is one of the areas that has been identified as an area for improvement at the Commission. Exam notices will be going out shortly.

The September competitive award process was successful, with no glitches. The California Community College Chancellor's Office transmitted enrollment and GPA information to the Commission electronically, the awards were made to students in a timely fashion.

Committee member De Martini requested to know of the percentage of post-secondary education students in the state, how many apply for Cal Grants and how many of those students were awarded. Also, Ms. De Martini would like to see students included on the Committee on the Future of Cal Grants.

Committee member Sanders noted that the award numbers for UC actually decreased over last year. Mr. Kipp clarified that the decline was attributed in part to the uncertainty that was created over the number of students who would be accepted at the UC when the students were first applying for the Cal Grant award. These numbers are preliminary and may not show the final school the students attended.

Committee member Villalobos requested that Table 12-E show the information by segment. Committee member Engelbach noted that there was one September competitive award offered at an independent college. Mr. Kipp indicated that a student, as long as they are listed on the enrollment list from the community college at the time of the award, could be offered the Cal Grant award and attend a four-year institution.

Tab 8: Cal Grant System Generated Letters Review

Chief Espinoza noted that the Commission will be conducting the most comprehensive review of the system generated letters. CSAC will conduct both an internal as well as external review. The internal review is close to completion, the external review has not started yet. CSAC will be asking the various stakeholder groups to assign one or two people to an external review team that will focus their attention on reviewing all the letters.

There will be phase two phase for this review. Phase one will include all award and denial letters. Phase two will include the renewal letters, Cal Grant C letters and all other components.

The hope is the external review team will meet two to three times for a full day each time at an off-site location. The hope is to have this completed at the end of spring 2005. Executive Director Fuentes-Michel will be sending a letter out to the various groups to ask for two representatives to be assigned. A binder is available for review by GAC.

Commissioner McClain asked that the language of the letters be more simplistic. Also, it would be advisable to have high school counselors review the letters so that there will be input from people who actually work with the recipients.

Committee member Nadjarian noted that the envelopes with the award and renewal letters contain the reference manuals but the denial letters do not include extensive information on the appeals process.

Tab 9: School Survey Discussion

Chief Espinoza requested input from GAC on whether the Commission should go forward with a survey of institutions. The survey would ask for feedback from the people who administer the program at the institution on the various aspects of the Cal Grant program and the way the administration of the Cal Grant program affects the institutions. An example would be once a student has been awarded, are there enough tools available to pay the students, answer student inquiries; are the operations memos and special alerts clear, timely and accurate? Executive Director Fuentes-Michel noted that because this is a tight budget year, staff would like to know if GAC feels this is an important issue to divert staff and funding. At this point, it is only a discussion of whether this is a good idea. No specific survey has been created at this point.

The committee responded that they thought it was a good idea, and that possibly a third party administer the survey so as to get an unbiased response. Also, sending one survey per institution would be helpful to get an overall consensus of the institution. It was also felt that the survey should include some opinions from the financial aid business officers, who deal with the business functions of the financial aid office on campus.

Tab 10: CSAC Automation and Enhancements Update

Chief John Bays and Brenda Keebaugh of the CSAC Information Technology (IT) Department noted that the enhancements to the system have been a collaborative effort on the part of the IT department, Grant Operations, the CSAC Training unit, Automations and Enhancements (A&E) Work Group and the financial aid directors of the various segments. In the coming years, additional input will be required from everyone as CSAC will be changing the architecture of the Grant Delivery System (GDS) to make it more flexible, scalable and user-friendly. All changes will be compliant with the Americans with Disabilities Act (ADA).

In the past year, there have been 697 minor and major enhancements to the Cal Grant delivery system, the Chaffee system, CSAC home page and other websites to which the Commission provides services. The Commission currently uses browser technology to communicate with the schools in a secure environment to allow the school data to enter into the system. The Commission is also connected to the U.S. Department of Education's National Processing Center for the transfer of Institutional Student Information Record's (ISIR).

Ms. Keebaugh listed some of the major enhancements of the system:

- Schools can customize their Cal Grant rosters, to view them on-line and to print them out in the customized format. There is now a roster compare tool that allows schools to compare data files via Excel, WebGrants and using a Delphi tool which was worked on as a joint effort with UC Davis.
- High schools now have a data transfer screen that provides high schools with the ability to view their reports online on WebGrants.
- A new unclaimed awards report that allows schools to see if there are students at their school with unclaimed Cal Grant awards.
- Schools can now use a school change data upload so school changes can be made at one time for all students listed instead of individually.

- G-23 Change Form is now online, versus a paper copy.
- Online Educational Level (EL) Verification instead of having a paper roster with verification.
- Enrollment file upload for the community colleges, similar to the GPA upload, it gives immediate feedback to the school.
- Per Commission regulations, a password will expire, requiring an individual to make a password change at the time of use.
- Bi-monthly payments to school. Schools will now be paid twice a month.
- The CSAC homepage and Outreach websites – www.calgrant.org and www.californiacashforcollege.org that contains the ability to identify eligible Cal Grant schools and eligible high schools for meeting teaching obligations.
- The Chaffee program has a web application for students and for schools, an unmet need screen through WebGrants which allows schools to list the unmet need for students to calculate the amount of Chaffee award they will receive.
- Implemented in December 2004 will be the unique student identifier. It is a legal requirement for SB 25 which states the SSN of a student cannot appear on correspondence that could be accessed by the public. WebGrants will have the option of keying either the students' SSN or the unique ID.
- December 1st, a generic CSAC roster section 5 will be available for schools to place a student who shows up on the roster but is not enrolled at their school. The school can make the student reappear in the active portion of the roster at any time.
- Remaining eligibility of the student will now be listed on the student history screen.
- Currently in the mock up phase is student web access to their Cal Grant information. Students will be able to see if they have a GPA on file (included with the GPA information will be GPA calculation rules), the status of their grant, view if the student has been awarded a grant, has the student been paid for the award. Long term plans include viewing Chaffee, APLE, BYRD status information.
- Students will also have access to their payment history, will be able to have their application status emailed to the student, use a school search component, provide a link to FAFSA, Social Security Administration (SSA) and U.S. Citizenship and Immigration Services (USCIS).
- Students will also be able to print out a duplicate of any letters the Commission mails to the student.

Ms. Keebaugh and Chief Bays listed the enhancements that are in the queue for the future:

- *Postcards to students* indicating that there is no GPA on file for the student. The ISIR information will be evaluated. If it looks as though the student would qualify for an award but there is no GPA on file, the Commission would send the student a postcard notifying them that there is still time to have the GPA submitted for consideration of an award.
- *Retroactive payment to need and payment*. A&E suggested this improvement allowing schools to make an adjustment to students' files delaying withdrawal.
- *GPA rewrite* will allow schools to view those GPA's already uploaded to the system by create date and school ID.
- *WebGrants identify ISIR used for award* will allow schools to see what ISIR transaction was used to determine the student's eligibility for an award.
- *Leave of Absence Simulator* will allow schools to determine what would happen to the student's status if a leave of absence was posted to the file.
- *Roster data file capability to verify EL* will allow schools to verify the educational level of the student on the Cal Grant roster.
- *Automate APLE* program will provide a connection into WebGrants for schools to determine all grants offered by CSAC.
- *Student History Enhancement*
- *Roster data file upload and reject report*
- *Automate 5th year and TCP.* These processes are currently hand keyed.
- *Restore the @ and * to the Cal Grant roster data files*. Currently, these symbols cannot be used on the roster and the Commission is trying to determine a way to restore them to the roster.

Chief Bays explained the Commission is trying to integrate and tie together all the disparate systems schools currently use by changing to a service-oriented architecture (SOA). This system will provide information

between the systems transparently to the schools. If a school posts a payment on a financial aid system, it will automatically be posted in the system at CSAC. If CSAC makes an award to a student, it would automatically be posted to the system of the school that the student lists as most likely to attend.

Currently, there are over 29 different commercial, institutional financial aid management systems that currently exist. There are at least two in-house systems that exist among the independents, publics and proprietary institutions. There are over 33 different high school information systems and at least 50 in-house systems in the State of California. The SOA will try to communicate with all the systems. The US Department of Education has already moved to the SOA for their payments for the Pell Grant as well as their direct payment for loans.

Chief Bays explained that the current system uses a batch processing orientation which requires manual reconciliation and data entry processes to keep the system synchronized. The SOA system would allow students and parents a better opportunity to determine the award eligibility, status, financial aid availability, selection of school of choice, provide flexible services to institutions and students as well as reduce the workload to schools. For those schools that are not able to transition to the SOA, the Commission will still provide the existing service.

A feasibility study report (FSR) was submitted to the Department of Finance (Finance) for approval. The FSR included having real-time data, services to institutions, students, high schools, and CSAC staff. It asked to provide an automated integration between GSD institutions and high school institutions using web services. It also provides for students with enhanced direct web access to Cal Grant information and tools.

Executive Director Fuentes-Michel noted that a budget change proposal (BCP) was submitted to Finance even though Finance directed departments not to submit any BCP's. The Commission is not asking for the use of General Fund money but the use of the loan operating fund to accomplish this. The Commission is asking the segments to help to convey to Finance the necessity of this expenditure.

Chief Bays noted that the FSR is divided into two parts – Phase One and Phase Two. Phase one is to provide real time a database so institutions will be able to see the results immediately. The Commission will also continue to provide existing batch uploads and downloads to allow schools to transition to this system on their own schedule. The schedule for the implementation of the real time database is July 2005 with completion in July 2006.

Chief Bays noted that student web access will be implemented after the first of the year to allow student to find out their award status.

Phase Two is the web services objectives which will allow the capability for the automated secure access between different financial aid systems, high school systems and the grant delivery system. Programs that are currently on stand-alone, specialized database programs such as Chaffee, APLE and Byrd will also be moved so that institutions will have real-time data on all awards. This will allow students to get their own information as well as allowing institutions to provide a total financial aid package. The web services allow for a seamless integration of disparate systems. The schedule for the implementation of the web services component is July 2006 with completion of the initial services in July 2007.

Executive Director Fuentes-Michel noted that this entire proposal is in consultation with EdFund. The motivation behind the change is this is the direction that competitive lenders, those in the financial aid service area and the US Department of Education are moving. If the Commission is to maintain the same level of service and be competitive on both the grants and loan side, the Commission must move in this direction.

Chief Espinoza noted that any feedback on this item can be given to staff informally due to the short time remaining in the GAC meeting.

Tab 11: 2005-06 Income and Asset Ceilings

Sam Kipp, Research Analyst, Policy, Research and Communications Division presented the 2005-06 income and asset ceilings. Mr. Kipp noted that there is now a statute that defines how the ceilings need to be updated

using California per capita income. Each of the thresholds are rounded to the closest hundred dollars due to rounding.

The motion to forward the income and assets ceilings and recommending adoption by the Commission was made by Committee member Robinson, seconded by Committee member Lindsey and unanimously approved.

Tab 12: Selection Criteria for 2005-06

Edna Ong, Research Analyst, Policy, Research and Communications Division presented the proposed selection criteria for 2005-06. In 2000, when SB 1644 established the entitlement and competitive programs, it also required the Commission to annually adopt selection criteria to select competitive award recipients as well as the two percent entitlement Cal Grant B recipients. The two percent Cal Grant B recipients receives both tuition and fees as well as the access portion of the grant in the first year.

Ms. Ong explained that in 2002, with assistance from a GAC committee, a modification was made to the selection criteria. The selection criteria point base was changed from a total of 100 to 200 points. A new component was added called the access equalizer. This equalizer awarded points for older, returning students who come from a disadvantaged high school. A disadvantaged high school is determined to be one with a low university-going rate and a high percentage of free or reduced lunch participants or a continuation high school. The average age of the recipients prior to the modification was 27. Now, the average age is 31.

Ms. Ong noted that the only change for 2005-06 is the family income and household matrices. As the Commission adopts new income ceilings, the matrix must be updated to reflect those changes.

On a motion by Committee member Lindsey, with a second by Committee member Hernandez, the motion to approve as presented the selection criteria and tables presented for 2005-06 was unanimously approved.

Committee member Lindsey also requested that a discussion on the selection criteria be added to the list of possible discussion items for the upcoming year. Committee member Robinson asked that the option of using the students expected family contribution (EFC) be factored in to the selection criteria as well.

Tab 13: Student Expense Budgets

Liisa Rohmer and Karen Vogel-Henderson, Research Analysts, Policy, Research and Communications Division presented the Proposed Student Expense Budgets for 2005-06. Each year the Commission adjusts the student expense budgets it uses to calculate financial need for grant applicants. Staff updates the budget using data from the latest 2003 Student Expenses and Resource Survey (SEARS) along with forecasted changes in the California Consumer Price Index (CCPI).

Committee member Robinson indicated that the area of personal/miscellaneous expenses had increased substantially. Ms. Vogel-Henderson noted that in the 2001-02 survey, the SEARS committee split out recreation from the personal expenses category. There was a large increase in 2001and there has been a continuation of that trend. Ms. Jeffery noted that UC has seen an increase in all expenses for commuter students.

Grant Operations Manager Anne Robertson indicated that in determining need for the Cal Grant, the Commission uses the student expense budgets. The schools can use either the student expense budget or their actual budget on their campus but they need to use the same methodology for all students. If there are exceptional costs, the student can go to the financial aid office and the financial aid office can use professional judgment to recalculate need, submit that to the Commission and the Commission will recalculate the Cal Grant based on the information.

Committee member Robinson suggested that when staff presents the budgets to the Commission for approval that the table include what the actual allowances are for 2004-05 for informational purposes.

Committee member Mc Rae Levy made a motion and Committee member Villalobos seconded, to recommend the proposed student expense budgets to the Commissioners, with the added information supplied on what the components are in each section that is used in the methodology of developing the budgets. The motion passed on a vote of nine approved, two opposed with four abstentions.

Committee member Jeffery made a motion, with a second by Committee member Robinson, to recommend to the Commission that further analysis be done to better understand the increases and reported expenses by commuter students. The motion was carried unanimously.

Chair Bossio noted that the idea of a workgroup or follow-up discussion group on student expense budgets and their utilization in relation to Cal Grants will be added to the list for final discussion at the following day's meeting.

Tab 14: Status and Discussion of the Competitive Grant Report

Sam Kipp, Research Analyst, Policy, Research and Communications Division presented the updated Cal Grant Report to the Legislature. As mandated in SB1644, the Commission is to do a report evaluating the extent to which the competitive grant program met the objectives, as outlined in Legislation. SB680 asked the Commission to comment on the extent to which these programs were meeting the needs of non-traditional, late entry adult, part-time learners to which the competitive program covers these students.

Mr. Kipp noted that this report updates the prior year's information by adding in data from 2003-04. Three years of information on the competitive grant program show that it is serving an older population but it is clearly over-subscribed. The number of awards that are permitted for each March and September competitive cycle is 11,250. The Commission over-awards during the initial award offering so that the number paid is closer to the 11,250 cap.

Mr. Kipp reported that the characteristics of students awarded for academic years 2002-03 and 2003-04 are similar however, a dramatic change comes in the number of students who were fully eligible for this program. In 2001-02, there were 76,000 needy, eligible applicants who were turned away. In 2002-03, that number increased to 107,000 needy, eligible applicants. In 2003-04, the number of eligible, needy students who were not awarded climbed to 114,000 students.

Mr. Kipp noted that the one inescapable conclusion that comes from the report is that while the program may have enough resources to serve a limited number of people, it is inadequate if California wants to deal with the problem of providing financial assistance to people who need job retraining or additional education skills. This report shows there are not enough awards and that this population is underserved by the existing financial aid mechanisms.

Executive Director Fuentes-Michel added that she views this report as an opportunity to look at the issues as they relate to the utilization of various resources to help train and educate students. She asked for input on a strategy on how best to utilize the information for the competitive grant program. The Legislature focused on how to get through this year in order to take care of the existing program.

Executive Director Fuentes-Michel added that when considering the cut-off score, the take rate is use for consideration. When the Commission has discussions with Finance for budgeting, take rates are taken into consideration with a buffer so that the Commission does not have to return with a deficiency request.

Committee member Engelbach suggested that the cover letter needs to be as clear and to the point on the number of students who are eligible but not receiving a Cal Grant because some people may only read the cover letter and not the entire report.

Executive Director Fuentes-Michel noted that the Legislature is interested in what happens to students who are eligible but due to the limited awards, are not awarded a Cal Grant. They want to know where they attended school and what types of assistance these students receive.
Committee member Lindsey noted that this may be a good issue for a workgroup to discuss.

The meeting was adjourned at 5:20 p.m.

Friday, October 22, 2004

Chair Lindsey called the meeting of Friday October 22, 2005 to order.

Tab 15: Work Group Updates

Chair Lindsey noted that last year, there were items for two workgroups – the GPA Workgroup and the Enhancing, Reporting and Analysis Workgroup. The GPA Workgroup looked at the calculation of the GPA, how the returning older, non-traditional students were served by the Cal Grant program and how it pertained to the GPA. The Enhancing Reporting and Analysis Workgroup did not meet last year.

Kate Jeffery, leader of the GPA Workgroup, gave an update on the draft of the report from the workgroup. This draft has not received input from the workgroup members so there may be changes to it. The workgroup had a discussion regarding the easiest way to simplify things would be to eliminate the GPA requirement altogether however, the consensus of the workgroup was that is not an option the Legislature, the Governor and the State would be willing to change. Another discussion that took place was for the use of a GPA that is used by the institution. This could lead to an inequitable treatment for some students. The workgroup then started from the perspective that there should be a single GPA that would apply to everyone. The group reviewed the definition of GPA and discussed trying to eliminate the student burden that the GPA requirement currently imposes.

Ms. Jeffery outlined four options to improve the process for collecting the GPA, two of which would eliminate the burden on the student.

- Option one would transfer the responsibility entirely to the high school by making a mandate to report the GPA to the Cal Grant program.
- Option two is a voluntary approach where CSAC would identify the barriers that keep high schools from totally submitting high school GPA's on their students' behalf.
- Option three directs CSAC to do everything in option two but realizing that there will be some high schools that will not submit the GPA's on their students' behalf, add a 'clean up' process where CSAC would contact the student, find out the high school of attendance and retrieve the GPA.
- Option four would use a transcription evaluation service that could calculate the Cal Grant GPA and transmit it to the Commission.

The workgroup recommended keeping the current definition of a Cal Grant GPA but recommended a statutory change to exclude the remedial coursework language as it was very confusing. The workgroup also agreed that eliminating the student responsibility for the GPA was a good goal and so would recommend pursuing option one to try to achieve that goal with option three as a backup recommendation. The workgroup wanted to recommend that option four be evaluated as another route for submission of the GPA.

Chair Lindsey noted that the discussion at the workgroup indicated the confusion and inequity in the way remedial is being interpreted at the high schools. Committee member Kopperud noted that the California Department of Education (CDE) is currently proposing to write a high school counselor's handbook and this GPA process should be included and distributed to high school counselors. Mr. Espinoza indicated that this issue could be resolved by redefining remedial through CSAC regulations rather than through a statutory change but that CSAC legal counsel would need to be consulted.

Mr. Kopperud recommended that that the remedial language clarification could be included into the Education Omnibus Bill through CDE that includes technical changes in the law that are not thought to be very important.

Chair Lindsey noted that a variation to option three would be to have a more concise definition of remedial, pending CSAC to work with CDE to insert the language into the Omnibus Bill. Committee member Sliwa-Macias motioned for a vote on option three, defined as "change the definition of remedial and insert, in an Omnibus Bill, the removal of remedial at a later date". Committee member Sanders seconded the motion. Committee member Jeffery offered an amendment to the motion which would then redefine remedial to be defined as courses not

counting toward high school graduation and for CSAC to explore the removal of the word “remedial” from statute and leave open how CSAC removes the reference to remedial in statute. The motion was carried unanimously.

Ms. Jeffery summarized that the workgroup recommends that option one be pursued. If option one is not successful, option three should be pursued. Committee member Robinson moved that the motion adopted regarding the definition of the high school GPA be forwarded by GAC to the Commission. Committee member Hancock seconded the motion. The motion was carried with Committee member Sanders abstaining.

Ms. Jeffery also noted that the original charge of the workgroup to address the nontraditional, returning and older students is actually covered under the competitive report to the Legislature.

Chair Lindsey noted that the Enhancing Reporting and Analysis workgroup lead by Cathy Thomas met but has no report to give at this meeting.

Tab 16: Federal Legislative Update

Michael Bolden, analyst with Federal Policy and Programs Division, gave a brief background about himself to the committee. He noted that the Higher Education Act was extended through September 2005. The division will be working to extend the Act beyond 2005.

Mr. Bolden noted that there are twin appropriations bills, HR 5006 and SR 2810 will be coming back at the end of the national election to take care of any omnibus appropriations.

Tab 17: Cal Grant Outreach Update

Carole Solov Durante, Communications manager, gave an update on the Outreach campaign. Early in 2003, the Commission voted to earmark $25 million in funding from the student loan operating fund for a comprehensive student outreach program to extend over a three year period. It was a three phase plan. Phase one, conducted from January to September 2004 was designed to impact the March 2nd application process to ensure that applications are complete, that high school seniors and their families have guidance in completing the FAFSA, and that they are making good decisions about evaluating and accepting financial aid offers.

Ms. Durante noted that Phase Two is currently underway and runs from October 2004 through September 2005. It is also aimed at the March 2nd application process. Phase Two expands the Commission’s involvement with other academic preparation programs and community-based organizations, especially at the middle and early high school levels to increase the number of students from low income backgrounds to prepare for college.

The Commission is continuing its efforts to develop alliances with partners who have worked with the Commission in the past. In July, an RFP was developed which resulted in the selection of 17 qualified campus-based and agency partnerships statewide, 15 with postsecondary institutions and high school districts and two with Mesa and AVID.

Ms. Durante indicated that if there is continued funding, which would require redirection of funds from the student loan operating fund, the Commission will pursue a phase three which would extend from fall 2005 through fall 2006. This phase would be an assessment process on previous activities and an evaluation of where the outreach effort needs to go from here.

Chief Espinoza also indicated that included in the current Outreach plan is a target goal of three to five percent for increasing the number of students who become Cal Grant recipients. The Commission is in the process of working with UC Accord Research Group to develop a methodology to reach the neediest students.

Despina Costopolos, coordinator for California Cash for College, gave an update on efforts. This year, Cash for College set up regions – San Diego, Los Angeles, Central Valley, the Bay Area and Sacramento to help people find out what events are being planned so that there is less duplication of efforts. Students and their families will receive more take-aways this year that will be useful in their decisions on financial aid.

Ms. Costopolos noted that a focus group was convened of all segments to review the materials and give feedback. One recommendation was to provide take-aways. Partnerships are also being developed with VITA, the IRS, Youth Councils, the Workforce Investment Board and the faith-based group PICO.

Ms. Costopolos indicated that a new radio promotion will be targeting English and Spanish in five markets and this effort will focus on creating partnerships with the radio stations, rather than just a media buy. She also indicated that Career Media Academy, a high school in Los Angeles, is currently developing and will be co-producing a reality special to be aired in the WB in Los Angeles and possibly statewide.

On November 3rd and 4th is the Mayor's Career and College Convention in Los Angeles. Free-Cash-for-College effort has integrated their efforts with the statewide effort so they are now Cash-For-College. November 3rd and 4th are weekdays so they will bus in LAUSD students for a few hours and then return them to class afterward. In the evenings, they will bus in from various community points to the Staples Center for a financial aid overview.

Tab 18: State Legislative Update

Mr. Bays gave an update on legislation that has been passed recently that the Commission is required to implement. SB25 requires the removal of the social security information from all Commission communications with students. A Unique Student Identifier (Unique ID) project has been initiated as a result of SB25. The unique ID replaces the student social security information on correspondence. WebGrants screens have been modified to accept either the student social security number or the unique ID so schools will be able to access the student information. Reports sent to the schools will show the unique ID so no paper reports provided to the school will list the social security number of the student.

Mr. Espinoza reported that SB 680 requires the Student Aid Commission to convene an existing advisory committee to review the existing formula for calculating high school grade point averages and requires the Commission to report the finding and recommendations of the committee to the Legislature, as part of the annual report on the Cal Grant program. It is believed that the work of the GPA workgroup, once approved by the committee, will satisfy the bill requirements. In addition, staff has attempted to address the requirement for information about the nontraditional, returning and older students by incorporating it in the competitive report.

SB 728 provides that any applicant who qualifies to be considered under the simplified needs test as established by federal law for financial aid, shall be presumed to meet the asset requirements under SB 1644. The bill does require that prior to disbursing Cal Grant funds, qualifying institutions in the Cal Grant program must resolve any conflicts that may exist in data that the institution possesses relating to the individual. Mr. Espinoza noted that staff is asking for input on this issue and that any questions on interpretation will be resolved with legal counsel prior to being placed into operation. There was no legislative intent written into the law so the author would need to be consulted for further information. Keith Yamanaka, legal counsel for the Student Aid Commission, noted that each institution will need to make the determination on how to implement this law at their institution. Mr. Espinoza noted that the legal interpretation that was given to staff at the time of implementation did not direct operations to do anything differently than previous practice. The understanding from staff was schools are already verifying students prior to disbursement.

Executive Director Fuentes-Michel indicated that the next Commission meeting is November 9th and there may be time between now and the meeting to have a teleconference on this issue. Once the issue has been discussed, an agenda item can be amended if the committee wants the Commission to take action.

Mr. Espinoza asked the committee for feedback regarding AB 205, a bill regarding domestic partnerships. Specifically, feedback is requested on how institutions are planning to implement the new legislation and how institutions think CSAC would implement it as well. Chair Lindsey indicated that institutions currently use federal needs analysis to determine a student's eligibility for financial aid. One of the criteria that applies is whether the student is married as of the day they fill out the FAFSA. For students who are married but are under 24, they are considered independent. This law would recognize domestic partnerships and so students or the parents that are in domestic partnership are to be declared independent or in the case of parents, married. Since this law only extends to state and institutional aid calculations, institutions must keep track of two kinds of expected family contributions.

Ms. Jeffery noted that at the University of California (UC), students are expected to self-identify whether they or their parents are in a domestic partnership. Students in a domestic partnership are treated the same way married students are treated. Because the UC requires a marriage certificate, they will also require the certificate of registered domestic partnership from the Secretary of State's office for the student.

Additional information will need to be collected from the student or their family and put into the calculation. Ms. Jeffery indicated that the UC is looking to begin implementation of this law as January 1, 2005 and that this means there will be mid-year adjustments in awards.

Committee member Villalobos noted that this law does not effect private institutions, only state and public entities. Private institutions, especially the religious institutions, will not collect this information. Ms. Villalobos noted that because not all institutions will collect or report this information, this information will need to be collected through another method.

Committee member Robinson indicated that the California State Universities (CSU) will be following the same approach as the UC's. The CSU Office of General Counsel is advising that this information be distributed in their catalogue as well as informing families and students through other mechanisms. Modifications are being made to the admission application fee waiver form. MS. Robinson noted that the Department of Education has indicated that there are no plans to modify the FAFSA in the near future because of the Defense of Marriage Act.

Committee member Yamamoto indicated that community colleges will have a meeting with the Chancellor's Office and this issue is on the agenda but they have no institutional aid because they have fee waivers.

Mr. Espinoza asked the Committee for a list of guiding principles for implementation of this requirement. Chair Lindsey outlined the principles that were brought forth in the discussion:

- Treat students with equity
- Avoid a supplemental form going out to students
- Avoid delays in making awards to students
- Not have the responsibility for collecting the information fall on the institutions

Steve Caldwell, state legislative liaison, noted a correction to the first page of the update included with the agenda - under AB 598 the first bullet should say 'pursue', not 'purse'. AB 825, which was a bill that tried to address the shortage of competitive awards, actually became an equalization bill so it did not address the competitive awards when it was chaptered.

Mr. Caldwell noted that he included the signing messages and veto messages in with the report to better understand what the Governor was indicating.

Chair Lindsey noted that there will not be a call for public participation as there are no members of the public present at the meeting.

Chief Espinoza mentioned that the College Cost Estimate Form was being distributed to committee members. He also mentioned that the Commission will be holding a Commission meeting on February 23rd in or around the Capitol with a reception to follow.

Committee member Robinson requested that the minutes of the meeting be distributed ahead of time to committee members via email so that editorial comments can be included prior to the next meeting. Chief Espinoza indicated that staff will try to accommodate this request.

Committee member Hancock mentioned that the October 15th draft of a letter from the Executive Director to the Governor and the Legislature talks of SB1644 but does not include any specific numbers of students who receive the entitlement awards. Chief Espinoza indicated that all comments should be submitted by November 5th to Anne Robertson for inclusion.

Chair Lindsey adjourned the meeting at 2:47 p.m.

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Lora Jo Bossio, Chair