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2012 State Legislative Session Closes

The second year of the 2011-12 biennium effectively came to a close on September 30, 2012, with a near-record number of bills signed into law. In 2012, fifty-six percent of the Senate's 632 bills made it to the Governor's desk, and 309 (49% of the total) were signed. Of the 1,257 total Assembly bills introduced, 642 (51%) received the Governor's signature.

The 2012 session saw the Legislature and Governor tackle some heavy issues affecting California: pension reform, workers' compensation, clean energy, international trade, and immigrant issues. Other issues, such as CEQA (California Environmental Quality Act) reform and campaign finance reform, were tabled in the waning hours of the session with promises to bring the issues back for consideration in 2013.

The majority of bills important to the California Student Aid Commission fared well in the 2012 session. Six of the eight Commission support bills are now law. One other failed in the last minutes of session, and the eighth was gut-and-amended into a non-financial aid bill for which the Commission withdrew support at their September 14 meeting. (See chart of Commission bills on next page.)

Only three of the signed bills require implementation efforts by the Commission: **SB 1103**, **AB 1723**, and **AB 1899**. Two other bills affect the Commission's programs indirectly but do not require any further Commission action (**AB 970**, **AB 2296**), and the last bill, **SB 1289**, set in place strong disclosures regarding private student loans, reinforcing one of the Commission's guiding principles, *to ensure the availability of information on educational opportunities by providing information and guidance to students and their families on alternative methods for financing a college education.*

2013 State Legislative Session Begins in December

The 2013-14 California Legislative Session begins on December 3, 2012, with the swearing in of the newly elected members.

The Democratic Party has partisan control of the State Senate, 25-15, heading into the 2012 elections. This year there are nine Senators retiring. Voters in the 20 odd-numbered districts will go to the polls to elect senators. They need to gain two seats in order to achieve a 2/3 supermajority.

Democrats also maintain a majority in the State Assembly, 52 to 28. All 80 seats of the Assembly are up for election and the balance of power is not expected to change. This was

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the first election year in which California's Top Two Candidates Open Primary Act was in effect. As a result there will be nineteen same-party races in the State Legislature in November.

The Commission will be holding a strategic planning session in mid-November to discuss policy priorities for the next year. At that time the results of the November 6 General Election will be known, including whether Proposition 30 passed or failed and whether the higher education segments will be hit with mid-year budget reductions or not.

112th Congress, 2nd Session Update

The 112th Congress of the United States convened on January 3, 2011, and will conclude on January 3, 2013. The Congress is on recess at the time of this update.

This session has not seen a lot of legislation (60 bills signed into law to-date), with the budget and debt limit crisis dominating much of the federal government's time and energies. However, the 112th Congress has made financial aid policy decisions and statements through the budget process this year, much as the State Legislature has done.

HR 3671, the Consolidated Appropriations Act of 2012, maintained the Pell Grant maximum at \$5,550 and eliminated the funding shortfall in the Pell Grant Program for 2012-13. However, it also included several changes to Pell Grant eligibility and loans:

- Reduced lifetime Pell eligibility down from 18 full-time equivalent semesters to 12.
- Reduced the Pell "Auto Zero EFC" threshold down from \$32,000 to \$23,000.
- Eliminated the "Ability to Benefit" option for students who are not high school graduates to be able to receive Federal Title IV financial aid.
- Made minor changes to the minimum amount of Pell for which a student might be eligible.
- Temporarily eliminates the interest subsidy during the six-month grace period on Federal Direct Stafford Loans made from July 1, 2012, to June 30, 2014.
- Makes minor changes to rates for FFELP loans still on the books.

A positive action taken by Congress this year was the extension of the low interest rate on federally subsidized student loans. The Stafford loan interest rate was set to increase from 3.4% to 6.8% on July 1, but Congress acted just in time through the transportation funding bill, **HR 4348**, to maintain the 3.4% rate until June 30, 2013. To pay for the temporary extension, Congress agreed to permanently limit eligibility for subsidized loans to 150% of the published program length. That means students in a four-year program will only be eligible for federally subsidized student loans for the equivalent of six years, three years for students in two-year programs.

Sequestration cuts to the federal budget are scheduled to take effect on January 2, 2013. Education grants to states and local school districts supporting smaller classes, afterschool programs, and children with disabilities would be cut. Pell Grant funding would not be affected. A balanced budget with at least \$1.2 trillion in deficit reduction must be agreed upon by the Congress and the President before January 2nd for sequestration not to take effect.

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113th Congress Begins on January 3, 2013

There are serious issues facing the next Congress and president of the United States. The Pell Grant program for low-income students is facing an eight billion dollar shortfall in 2014. Our system of student financial aid may start to shift more toward a performance-based and outcomes-based system than is the case today, where aid to institutions of higher education is based in large measure on what institutions received in the past or the number of students an institution recruits. Finally, we need better, more reliable hard data to simplify the current system of student aid where the federal government shares responsibility with states and institutions for keeping down costs, raising completion rates, and improving quality. We will continue our work with the US Department of Education on these shared goals.

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A Snapshot of the Commission's 2012 Guiding Principles for Legislation and Budget

Mission: To make education beyond high school financially accessible to *all* Californians. To achieve its mission, the Commission has developed the following goal and conforming principles for use in all legislative and budget activity.

Goals: To ensure all California students learn about and apply for benefits provided through the Cal Grant program and other specialized aid programs the Commission administers and to serve the public interest by providing quality financial aid services, including student loans at a reasonable cost to those students who need financial assistance to attend a college or university.

Recognizing the critical need to maintain Legislative and Executive support for postsecondary educational opportunities, the Commission seeks to

1. **Foster Educational Access and Affordability;***
2. **Ensure the Availability of Information on Educational Opportunities;***
3. **Preserve the Flow of Financial Aid; and***
4. **Ensure Adequate Support and Flexibility for Commission Operations and Its Programs.***

*Numbering principles in no way indicates priorities; all principles are equally considered.

These principles guided both Commission positions and staff undertakings in pursuit of the following Commission bills in the 2012 Legislative Session.

2012 Commission Bills:

Bill No. and Author	Position	House of Origin			Second House				H.O.O. for Concurrence	Enrolled	Signed by Governor	Final Disposition
		Policy Cmte	Fiscal Cmte	Floor	Policy Cmte	Fiscal Cmte	Cmte	Floor				
SB 1103 (Wright)	Support								N/A			Signed on 09-07-12
SB 1289 (Corbett)	Support											Signed on 09-27-12
AB 970 (Fong)	Support											Signed on 09-27-12. See signing message here .
AB 1501 (Pérez)	Support											Failed to pass off the Senate Floor
AB 1723 (Fuentes)	Support											Signed on 09-26-12

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Bill No. and Author	Position	House of Origin			Second House			H.O.O. for Concurrence	Enrolled	Signed by Governor	Final Disposition
		Policy Cmte	Fiscal Cmte	Floor	Policy Cmte	Fiscal Cmte	Floor				
AB 1899 (Mitchell)	Support							N/A			Signed on 09-24-12
AB 2296 (Block)	Support in Concept										Signed on 09-26-12
SB 721 (Lowenthal)	Watch										Vetoed. See veto message here .
AB 1637 (Wieckowski)	Watch										Failed to pass out of Assembly Higher Ed
AB 2190 (Pérez)	Watch										Held in Assembly Appropriations
SB 1466 (De León)	Support Withdrn										Gut-and-amended

SB 1103 (Wright): Requires the Student Aid Commission to provide searchable access on its Internet Web site to the enrollment, persistence, completion, placement rates, and wage and salary information submitted annually by Cal Grant participating institutions. Also, requires the Commission to provide links to workforce data available through the Employment Development Department’s Labor Market Information Data Library.

SB 1289 (Corbett): Requires a public or private postsecondary educational institution (except California Community Colleges) to make specified disclosures related to private student loans in financial aid material and private loan applications provided or made available by the institution.

AB 970 (Fong): Prescribes public notice and student consultation procedures prior to the adoption of a mandatory system wide fee increase. Requires the Regents and Trustees to develop a list of factors that shall be taken into consideration when developing recommendations to adjust mandatory system wide fees.

AB 1501 (Peréz): Establishes the Middle Class Program under the administration of the California Student Aid Commission commencing in the 2012-13 fiscal year. Provides that a UC or CSU resident or eligible exempt student with a household income equal to or less than \$150,000 would receive a scholarship credit that, combined with other publicly funded grant aid, would cover 60% of mandatory systemwide fees. Continuously appropriates \$150

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million from the General Fund to the California Community College Chancellor's Office for grants to students to reduce the impact of enrollment fees or help cover the cost of textbooks and other educational expenses.

AB 1723 (Fuentes): Amends existing law requiring The Commission (the Board of Governors of the California Community Colleges, the Trustees of the California State University) to provide live video and audio transmissions of each open meeting and to archive and post the video and audio on the entity's Internet Web site within 48 hours following the meeting for a period of 12 months.

AB 1899(Mitchell): Requires students who are victims of trafficking, domestic violence, and other serious crimes to be exempt from paying nonresident tuition at the public colleges and universities, and to be eligible for all student financial aid programs and scholarships administered by a public postsecondary educational institution and the State, to the same extent as individuals who are admitted to the United States as refugees under specified federal law.

AB 2296 (Block): Amends the California Private Postsecondary Education Act of 2009 to prohibit offering associate, baccalaureate, and master's degree programs without making specified disclosures to prospective students. Requires a school catalog to include a statement regarding whether the institution is accredited by an approved accrediting agency and limitations of the programs such as whether or not graduates will be eligible to sit for applicable state licensure examinations or whether or not students are eligible for federal student financial assistance. Requires the School Performance Fact Sheet for each program offered to include salary or wage information and the most recent 3-year Cohort Default rate (CDR) reported by the U.S. Department of Education. Revises the definition of "graduates employed in a field" and allows the Bureau of Private Postsecondary Education until July 2014 to define measures and standards for determining whether a graduate is gainfully employed.