

**CALIFORNIA STUDENT AID COMMISSION
P.O. Box 419029
Rancho Cordova, CA 95741-9029**

**AMENDMENT TO TITLE 5, CA CODE OF REGULATIONS REGARDING
ASSUMPTION PROGRAM OF LOANS FOR EDUCATION (APLE)
(EDUCATION CODE 69612 *et seq.*)**

NOTICE OF PROPOSED RULEMAKING

NATURE OF PROCEEDING

Notice is given that the California Student Aid Commission (Commission) is proposing to take the action described in the Informative Digest.

A public hearing regarding this proposal is currently not scheduled. However, any interested person or duly authorized representative may request, no later than 15 days before the close of the written comment period that a public hearing be scheduled.

Following the public hearing, if one is requested, or following the written comment period, if no public hearing is requested, the Commission, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify the proposals if the modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days before its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written comments related to this proposal, or who provide oral testimony if a public hearing is held, or who have requested notification of any changes to the proposal.

Notice is also given that any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the

California Student Aid Commission
Attention: Clarita Cortez
P. O. Box 419029
Rancho Cordova, CA 95741-9029

Comments may also be submitted by facsimile (FAX) at (916) 464-8240 or by e-mail to APLERegsComment@csac.ca.gov. Comments must be submitted before 5:00 p.m. on September 21, 2009.

AUTHORITY AND REFERENCE

Pursuant to the authority vested by section 69615 of the Education Code, and to implement, interpret, or make specific sections 69612-69615.8 of the Education Code, the Commission is considering changes to Division 4 of Title 5 of the California Code of Regulations as follows: amend sections 30701-30709 to implement, interpret, and make specific sections 69612-69615.8 of the Education Code establishing the Assumption Program Of Loans For Education (APLE).

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

On September 28, 2008, the Governor signed Senate Bill (SB) 1158. The bill amends sections 69613.1, 69613.2, 69613.4, 69613.6, 69613.8, 69614, 69615.4, 69615.6, adds sections 69612.5 and 69615.8, repeals sections 69613.5 and repeals and adds sections 69612 and 69613 of the Education Code and consequently makes changes to the Assumption Program of Loans for Education (APLE). The changes in the law enacted by SB 1158 became effective on January 1, 2009.

The amended statute allows participants to teach on a part time basis, changes eligibility for bonuses, and adds leave of absence provisions. SB 1158 also discontinues the Out-of-State APLE program for new participants, reduces the number of district intern allocations, and allows credentialed teachers to participate in the program. In accordance with the authority provided in Education Code 69615 which allows the adoption of rules and regulations to administer the APLE program, the Commission proposes to amend Title 5, Division 4, Chapter 1, of the California Code of Regulations sections 30701-30709 to accommodate the statutory changes enacted by SB 1158.

Changes in the law enacted by SB 1158 became effective during the 2008-09 application year. The program requirement and benefits for participants who have been accepted into the program and have signed loan assumption agreements prior to these changes will differ from participants who are accepted into the program and have a signed loan assumption agreement after January 1, 2009.

Based on the authority provided in Education Code Section, 69615 (a), the Commission adopted California Code of Regulations Title VI, Division 4, Chapter 1 sections 30701 et seq to implement, interpret, and construct the requirements established in Education Code sections 69612-69615.8. The Commission has identified several areas of the regulations that require additional information and certification from applicants, eligible institutions, district intern offices, and California County Offices of Education as well as a necessity to establish a priority deadline for the program.

The proposed amendments would implement, interpret, and make specific the elements of APLE. Specifically, the proposal would:

1. Define terms used in the regulations;
2. Establish a priority deadline for application submission;
3. Amend the requirements for applications to participate in the program;
4. Amend the allocation of awards, reallocation of unutilized allocations, and cancellation of invalid awards;
5. Specify the content of the Institutional Agreement and renewal verification report;
6. Specify the requirements for the nominations of applicants for the program by eligible institutions, district intern offices, and California County Offices of Education;

7. Specify the process by which Commission will select program participants from among the nominated students;
8. Specify the requirements for loan assumption agreements between the selected program participants and the Commission;
9. Amend the requirements under which the Commission may make loan payments on behalf of the program participants and establish the appeal process for payment disputes;
10. Specify the consequences of a program participant's failure to complete the obligation to teach at an eligible school and establish the appeal process for participants that are withdrawn from the program;
11. Specify the development of projections for funding purposes.

There are no comparable provisions of federal law related to this proposal.

LOCAL MANDATE

This proposal does not impose a mandate on local agencies or school districts.

FISCAL IMPACT ESTIMATES

This proposal does not impose costs on any local agency or school district for which reimbursement would be required pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code. This proposal does not impose other nondiscretionary cost or savings on local agencies. This proposal does not result in any cost or savings in federal funding to the state.

COSTS OR SAVINGS TO STATE AGENCIES

None

EFFECT ON HOUSING COSTS: None

BUSINESS IMPACT/SMALL BUSINESSES

The Commission has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. The proposal would impose no costs upon business. The proposal does not affect small businesses as defined by section 11342.610. This proposal would affect a private sector or small business only if a private sector college or university voluntarily chooses to nominate its students to participate in APLE.

ASSESSMENT REGARDING EFFECT ON JOBS/BUSINESSES

The Commission has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

COST IMPACT ON REPRESENTATIVE PERSON OR BUSINESS

The agency is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

BUSINESS REPORT

This regulatory proposal does not require a report.

ALTERNATIVES

The Commission must determine that no reasonable alternative considered by the agency, or that has otherwise been identified and brought to the agency's attention, would be more effective in carrying out the purpose for which the adoption of this regulation is proposed, or would be as effective as and less burdensome to affected private persons than the proposed action.

CONTACT PERSON

Inquiries concerning the proposed adoption of this regulation and written comment may be directed to:

Clarita Cortez
California Student Aid Commission
P. O. Box 419029
Rancho Cordova, CA 95741-9029

(916) 464-2946

or

Kathy Spencer
California Student Aid Commission
P.O. Box 419029
Rancho Cordova, CA 95741-9029

(916) 464-3021

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations and of the initial statement of reasons and all the information upon which the proposal is based may be obtained upon request from the California Student Aid Commission, P. O. Box 419029, Rancho Cordova, CA 95741-9029. These documents may also be viewed and downloaded from the Commission's website at www.csac.ca.gov.

INITIAL STATEMENT OF REASONS AND INFORMATION

The Commission has prepared an initial statement of reasons for the proposed action and has available all the information upon which the proposal is based.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named above.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named above.

WEBSITE ACCESS

Materials regarding this proposal can be found at www.csac.ca.gov.