



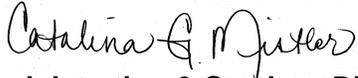
OPERATIONS MEMO

Update of the California Student Aid Commission

March 29, 2010

GOM 2010-05

TO: Financial Aid Administrators
High School Counselors

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SUBJECT: Handling of Assets for the Cal Grant Program

The intent of this Operations Memo is to provide clarification on the changes to the 2010-11 Free Application for Federal Student Aid (FAFSA) on the Web regarding student and parent asset information and to answer questions presented to the California Student Aid Commission (Commission) regarding the handling of assets included on the FAFSA.

2010-11 FAFSA Changes

To reduce the total number of questions required for aid applicants, FAFSA on the Web expanded the use of skip logic for the 2010-11 financial aid year. FAFSA on the Web now determines early in the application process whether the applicant meets the Simplified Needs Test (SNT) or Auto Zero Expected Family Contribution (EFC) eligibility requirements. Applicants meeting one of those tests are given the choice to exclude asset information; however, an applicant can provide asset information by answering a question affirmatively. No instructions are provided to the applicant on why they might or might not want to provide assets.

Use of Assets for Cal Grant Selection

There was no change in federal and state law for the 2010-11 year on the handling of assets in need analysis nor were there any changes to the verification process for assets and income, if the assets were required to be included. If the student and/or parents were not required to provide assets, the assets should not be verified for Cal Grant purposes.

Section 69432.7 (k) of the California Education code establishes the maximum household income and asset levels allowable in the selection of Cal Grant awards and the method to be used by the Commission to annually adjust those



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maximums. It further provides that applicants who qualify under federal law for the SNT, including those who meet the qualifications for the Auto Zero EFC calculation formula, are considered to meet the asset level test for Cal Grant selection purposes. Lastly, this section requires that prior to disbursing any Cal Grant funds, a qualifying institution shall be obligated, under the terms of its institutional participation agreement with the Commission, to resolve any conflicts that may exist in the data the institution possesses relating to individuals qualifying under the SNT formula (or Auto Zero EFC).

The Commission does not use assets to compare against the asset ceiling for applicants who meet the SNT or Auto Zero eligibility requirements. The Institutional Student Information Report (ISIR) has a flag indicating apparent eligibility for use of the SNT or Auto Zero EFC formulas. When that flag is present on the ISIR, the Commission ignores assets. If an applicant does supply asset information, but is not required to do so, their asset information is similarly disregarded.

Institutions that find they are in possession of asset information for a student who was not required to provide that information for federal and state aid purposes should decide what policy they will follow in handling that information in the determination of institutional aid.

Complete eligibility requirements for the use of each of the federal needs analysis methodologies can be found in the US Department of Education's *2010-2011 Federal EFC Formula Guide* located at <http://www.ifap.ed.gov/efcformulaguide/attachments/111609EFCFormulaGuide20102011.pdf>.

If you have questions regarding any of the information contained in this memorandum, please contact the Commission's School Support Services Branch at schoolsupport@csac.ca.gov or at (888) 294-0153.

Enclosure: *California Student Aid Commission Use of Assets for Cal Grant Selection, Q & A*

Working together to effectively promote education beyond high school!