

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

**AMENDMENT TO TITLE 5, CA CODE OF REGULATIONS REGARDING
CALIFORNIA NATIONAL GUARD EDUCATION ASSISTANCE AWARD PROGRAM
(CNG EAAP)
(EDUCATION CODE 69999.10 *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 persons designated in this Notice as contact persons 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: Kathy Spencer
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 CNGRegsComment@csac.ca.gov. Comments must be submitted before 5:00 p.m. on March 1, 2010.

AUTHORITY AND REFERENCE

Pursuant to the authority vested by section 69999.22 of the Education Code, and to implement, interpret, or make specific sections 69999.10-69999.30 of the Education Code, the Commission is considering changes to Division 4 of Title 5 of the California Code of Regulations as follows: add sections 30730-30736 to implement, interpret, and make specific

sections 69999.10-69999.30 of the Education Code establishing the California National Guard Education Assistance Award Program (CNG EAAP).

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The California National Guard performs an essential public purpose in protecting the health, safety, and property of California's citizens, and in order to fulfill its objectives, it is necessary for the California National Guard to have sufficient human resources to deal with a natural or human-caused disasters and emergencies. It is the intent of Legislature to provide an inducement to members of the California National Guard to maintain the required strength in the California National Guard.

Assembly Bill 12 of the Fourth Extraordinary Session, the local government trailer bill to the 2009 Budget Act Amendments, was signed by the Governor and chaptered into law on July 28, 2009. It established the California National Guard Education Assistance Award Program (CNG EAAP) to be jointly administered by the Office of the Adjutant General and the Student Aid Commission (Commission). Commission staff in consultation with the Military Department pursued the adoption of emergency regulations to implement the program and make awards for the spring term of the 2009-10 academic year. The emergency regulations were approved by the Office of Administrative Law (OAL) and filed with the Secretary of the State's Office on December 16, 2009. These emergency regulations for the California National Guard Education Assistance Award Program (CNG EAAP) are approved only through June 14, 2010. As a result, the Commission has commenced the regular rulemaking process to make the emergency regulations permanent.

The program requires participants to meet all of the eligibility criteria included in section 69999.16 of the Education Code prior to selection into the program. Applicants are required:

1. To be California residents;
 2. To be an active member of, who has served two years in, the California National Guard, the State Military Reserve, or the Naval Militia;
 3. To be accepted or registered at, or enrolled in a qualifying institution;
 4. To submit a CNG EAAP application and agree to use the award to obtain a certificate, degree, or diploma that the applicant does not hold at the time the applicant applies for the award;
 5. To agree to enroll in at least three academic units per semester or the equivalent;
- and**
6. Required to submit a Free Application for Federal Student Aid (FAFSA) to the United States Department of Education.

The Adjutant General shall select recipients and the Commission is responsible for issuing awards. Costs incurred by the Commission for issuing and processing awards shall be reimbursed through an interagency agreement from appropriations in the annual Budget Act to the Military Department.

The proposed regulations would implement, interpret, and make specific the elements of CNG EAAP. Specifically, the proposal would:

1. Define terms used in the regulations;
2. Establish a deadline for application submission;
3. Establish the requirements for applications to participate in the program;
4. Establish the applicant priority;
5. Specify the process by which The Adjutant General will select program participants from among the eligible applicants;
6. Specify the process by which the Commission will determine the payment amount for new and renewal participants;
7. Specify the process by which the Commission will determine a program participants remaining program eligibility;
8. Specify the requirements for participant renewal of the award;
9. Specify the process by which a program participant may apply for an additional year of program eligibility; and
10. Specify the consequences of a program participant's failure to comply with applicable laws and regulations and establish the administrative appeal process for participants that are withdrawn from the program.

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

OTHER STATUTORY REQUIREMENT

The Commission, in consultation with the Military Department, drafted emergency regulations for the CNG EAAP.

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 California Government Code Section 11342.610. This proposal would not affect private sector or small business due to the population the program targets which is active members of the California National Guard, State Military Reserve, and Navel Militia.

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 PERSONS

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

California National Guard

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.