



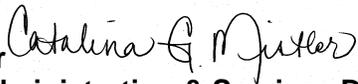
SPECIAL ALERT

Update of the California Student Aid Commission

August 3, 2011

GSA 2011-29

TO: Financial Aid Administrators

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SUBJECT: 2011-12 Cal Grant Fall Term Advance

The California Student Aid Commission (Commission) is planning to process the 2011-12 Cal Grant fall term advance payments to institutions on **Tuesday, August 23, 2011**.

For the 2011-12 fall term advance, the Commission will be multiplying the previous year's reconciled term amount by 50 percent instead of the 95 percent used in prior fiscal years.

This change is necessary because delays by institutions in reconciling against their term advances in the past two years have caused suspensions of Cal Grant payments later in the year until reconciling is complete.

The Department of Finance (DOF) requires the Commission to provide Cal Grant payment reports in order to monitor the advances and expenditures to determine both the amount and the timing of additional Cal Grant funding. DOF has refused to authorize additional Cal Grant funding until the Commission can conclusively demonstrate that additional funding is necessary. When institutions have not reconciled against their term advance, these unexpended funds appear as available funds on the payment reports despite the fact that these funds are not available to make supplemental payments to institutions that have reconciled beyond their term advances. This results in a delay for additional budget augmentations and negatively impacts institutions that have reconciled payments in excess of the term advance and must await the budget augmentation for additional funding.

Two additional developments will also affect the rate at which Cal Grant funding is expended and the timing of when a funding augmentation is needed:

1. The recent fee increases approved by the Regents of the University of California and the California State University Board of Trustees were not considered in the development of the 2011-12 Cal Grant budget. While it



is anticipated that these recent fee increases will be funded, no additional funds have been made available at this time. The Commission estimates that an additional \$90 million is needed to cover the fee increases.

2. The number of new High School Entitlement award offers in 2011-12 is currently 20 percent higher than it was a year ago when the budget was being developed.

The Commission recognizes that the 50 percent term advance may not meet the total fall payment amount for some institutions; however, institutions may receive supplemental disbursements within a week of the fall term advance by immediately reconciling eligible payments in WebGrants.

The Commission believes this adjustment in the amount of the term advance will create a more efficient, accurate and well-managed Cal Grant Program. Commission staff will continue to monitor the Cal Grant reconciliation process to determine the winter and spring advances.

If you have questions or need further guidance, please contact Justin Watkins at (916) 464-6425 or at JWatkins@csac.ca.gov.

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