



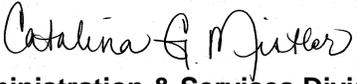
SPECIAL ALERT

Update of the California Student Aid Commission

July 17, 2012

GSA 2012-24

TO: Financial Aid Administrators
High School Counselors

FROM: Catalina G. Mistler 
Chief, Program Administration & Services Division

CONTACT: Program Administration & Services Division
Phone: (888) 294-0153 Fax: (916) 464-8002
E-mail: schoolsupport@csac.ca.gov

SUBJECT: 2012-13 State Budget Signed June 27, 2012

Governor Jerry Brown signed the 2012-13 Budget Act on June 27, 2012. The California Student Aid Commission (Commission) is announcing the changes to the Cal Grant and Specialized Programs for the current 2012-13 award year. Students who were notified that their award offers were pending approval of the final State budget will be informed of the status of their awards due to these changes.

2012-13 State Budget includes the following:

- Reduce the Cal Grant award amounts by five percent as follows:
 - The maximum tuition and fee award from \$9,708 to \$9,223 for all new and renewal Cal Grant A and B recipients attending private and independent institutions.
 - The Access Grant award from \$1,551 to \$1,473 for all new and renewal Cal Grant B recipients.
 - The tuition and fee award from \$2,592 to \$2,462 for all new and renewal Cal Grant C recipients.
 - The book and supply award from \$576 to \$547 for all new and renewal Cal Grant C recipients.
- Restrict institutions participating in the 2012-13 Cal Grant Program as follows:
 - Require a 30 percent minimum graduation rate standard for all participating Cal Grant institutions.
 - Reduce the maximum three-year cohort default rate (CDR) allowable by a participating Cal Grant institution from 30 percent to 15.5 percent.

Any institution at or below the graduation rate or at or above the CDR will be prohibited from receiving Cal Grant funds for new students. For continuing students, the maximum tuition and fee award amount will be reduced by 20 percent.

Exception to the graduation rate and CDR requirements: Institutions with a three-year CDR less than 10 percent and a graduation rate greater than 20 percent (but less than 30 percent), shall remain eligible for new and renewal Cal Grants through the 2016-17 academic year.



State of California
Edmund G. Brown Jr.
Governor

California Student Aid Commission, Program Administration & Services Division
P.O. Box 419028, Rancho Cordova, CA 95741-9028 Website: www.csac.ca.gov

- Require Community College Transfer Entitlement award recipients to have attended a California community college in the academic year immediately preceding the academic year for which the award will be used.

Students who attended a California community college in 2011-12 may use the Transfer Entitlement award for the 2012-13 and 2013-14 academic years. We will release a more detailed Operations Memo on the changes to the Community College Transfer Entitlement program.

- Eliminate new loan assumption agreements for:
 - The Assumption Program of Loans for Education.
 - The State Nursing Assumption Program of Loans for Education for Nursing Faculty.
- Offset Cal Grant costs with:
 - \$84.7 million from the Student Loan Operating Fund.
 - \$803.7 million with the Federal Temporary Assistance for Needy Families (TANF) reimbursements.

The 2012-13 State Budget also included changes to the Cal Grant program in future academic years. Future communications will provide details of those upcoming changes.

Communications

We are currently modifying the grant delivery system. We anticipate completing most of the system changes by the end of July. Our plan is to communicate with all institutions and students affected by the changes through e-mail. Communications to students will include providing various messages on WebGrants for Students and on the Interactive Voice Response telephone system. We also anticipate holding teleconference calls with segmental representatives related to the budget changes.

We will release Operations Memos with details and updates on the changes.

Cal Grant 2012-13 State Budget Update Webinar

We will hold a webinar to provide an update on the 2012-13 State Budget and its impact to the Cal Grant Program, as contained in this memo. Details of the webinar will be released in a future Operations Memo.

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

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