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# 6

## Action Item

### *California Student Aid Commission*

#### Report of the Strategic Policy and Planning Committee

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The Strategic Policy and Planning Committee met on February 21, 2013 and the following tab items reflect the substance of the agenda materials presented to the Committee.

**Responsible Person(s):** Michele Siqueiros, Chair  
Strategic Policy & Planning Committee

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## 6.a Action Item

### *California Student Aid Commission*

#### Consideration of a charter for the Strategic Policy and Planning Committee

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The following draft is presented as starting point for consideration of the subject matter and the responsibilities of the Committee.

##### Draft Charter

The Strategic Policy & Planning Committee shall be responsible for:

1. examining and making recommendations to the Commission on policy matters associated with financial aid;
2. making recommendations to the Commission on state and federal executive, legislative and budget issues associated with financial aid;
3. examining and making recommendations to the Commission on governance matters, such as meeting procedures and committee structure;
4. developing and making recommendations on strategic planning for the Commission; and
5. identifying and recommending policy and legislative proposals for Commission consideration.

**Responsible Person(s):** Keith Yamanaka  
Chief Deputy Director

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## **6.b** **Information/Action Item**

### *California Student Aid Commission*

Consideration of state and federal legislative and budget issues affecting  
Commission programs

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Each two-year legislative session, the Commission reviews, updates, and adopts Legislative and Budget Guiding Principles that direct both Commission positions on bills and Commission staff work.

We have provided in Tab 6.b.1 the prior session's Guiding Principles with staff-recommended changes for the Committee's discussion and review.

Tab 6.b.2 provides a summary of State legislation recently introduced in the first part of the 2013 legislative session on which the Committee may wish to recommend policy positions to the Commission.

Also included in the agenda for your discussion are the following:

Tab 6.b.3 is a summary of current federal policy and programs.

Tab 6.b.4 is a summary of the Governor's 2013-14 Proposed Budget and the budget issues affecting Commission programs.

***Recommended Action:***

Recommend adoption of the 2013-14 Legislative and Budget Guiding Principles to the Commission.

Recommend policy positions on recently introduced legislation to the Commission.

***Responsible Persons:*** Lori Nezhura, Legislative Director  
Executive Division

Janet McDuffie, Chief  
Administration and External Affairs Division

### Background

In 2007, the Commission revised and updated its Legislative Guiding Principles, adding a new section entitled, "Participation in the Legislative Process." This new section displayed and described each of the position choices the Commission could take on state and federal pieces of legislation relating to its mission, goal, and principles. The new section also explained ways in which commissioners could be involved in advocacy for Commission interests and events.

The next major revision of the Guiding Principles took place in 2009 when Commission staff recommended and the Commission approved joining the Legislative Guiding Principles and Budget Guiding Principles into one document. Minor updates were made with regard to the federal student loan program, EdFund and formatting.

The Commission is again faced with the task of updating the Guiding Principles and addressing the present environment of federal and state financial aid including but not limited to postsecondary education affordability, appeals for institutional accountability, student access, persistence, and completion.

## 2011-12 Legislative and Budget Guiding Principles

It is essential that the Commission collaborate with the Legislature and the Administration to ensure that the Cal Grant program and other specialized aid programs are successful. The continued commitment from the State to improve the availability and amount of financial aid is crucial to secure educational access for all California students. This commitment strengthens the state's economic well-being by educating California's future workforce.

California statute (Education Code §66021.2) adopted as part of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (SB 1644, Chapter 403, Statutes of 2000) affirms the state's historic commitment to provide educational opportunity to students pursuing a higher education by ensuring both student access and choice for students with financial need and who meet academic criteria.

The California Student Aid Commission (Commission) has a long-standing commitment to pursue increased resources for student financial aid. Therefore, the Commission continues to support the policies adopted by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act and opposes any changes that would undermine them. Consequently, the following policy principles are the priorities of the Commission, and the Commission urges the Governor and Legislature to support them.

**MISSION:** To make education beyond high school financially accessible to *all* Californians.

**GOAL:** To ensure all California students learn about and apply for benefits provided through the Cal Grant program and other specialized aid programs the Commission administers and to serve the public interest by providing quality financial aid services, including student loans at a reasonable cost to those students who need financial assistance to attend a college or university.

**PRINCIPLES:** Recognizing the critical need to maintain Legislative and Executive support for postsecondary educational opportunities, the Commission seeks to

1. **Support College Access That Is Equitable, Affordable and Comprehensive**~~Foster Educational Access and Affordability~~;<sup>\*</sup>
2. **Ensure the Availability of Information on Educational Opportunities**;<sup>\*</sup>
3. **Preserve the Flow of Financial Aid**; and<sup>\*</sup>
4. **Ensure Adequate Support and Flexibility for Commission Operations and Its Programs**.<sup>\*</sup>

<sup>\*</sup>Numbering principles in no way indicates priorities; all principles are equally considered.

The guiding principles and objectives should be reviewed at the beginning of each two-year legislative session to ensure they continue to be applicable, valid, and supportive of the Commission's mission.

Each of these principles is discussed in further detail below.

**PRINCIPLE #1: ~~Foster Educational Access and Affordability~~Support College Access That Is Equitable, Affordable and Comprehensive**

The Commission and the State should advocate for increased higher education opportunities by providing all California students financial access to the postsecondary education of their choice.

**OBJECTIVES:**

- Encourage the expansion of financial aid to the growing number of California college students who demonstrate financial need as the cost of completing a postsecondary education continues to rise;
- Preserve and Expand the Cal Grant Entitlement and Competitive Programs
  - ◆ Eligibility Requirements
    - Maintain statutory GPA requirements
    - Maintain statutory income ceiling
    - Support eligibility requirements that provide greater student access to the program
  - ◆ Award Value
    - Cover full-fee funding for University of California and California State University students
    - ~~Retain~~ Restore the current maximum award amount for nonpublic postsecondary institutions and support the development of a statutory formula that adjusts the maximum award amount for nonpublic postsecondary institutions and would not be subject to the annual budget process
    - Recommend and fully support increases to the Cal Grant B access award and first year tuition for Cal Grant B recipients
  - ◆ Competitive Awards
    - Advocate for funds that increase the number of Competitive Cal Grant awards
- Preserve and Expand the Cal Grant C Program
  - ◆ Eligibility Requirements
    - Maintain statutory income ceiling
    - Support eligibility requirements that provide greater student access to the program
  - ◆ Award Value
    - Support, at a minimum, the current maximum grant amount for institutional tuition and fees at applicable postsecondary institutions
    - Support increases to the book and supplies allowance
  - ◆ Number of Awards
    - Recommend and support increases in the number of awards in the Cal Grant C program
    - Support expanded financial aid opportunities for career technical education students
- Cultivate legislative and budget actions that protect, strengthen, and increase the state's General Fund commitment to student financial aid;
- Encourage continued bipartisan support for funding of statutory growth in state and federal grant programs and for continued access to lower interest federal student loans;
- Promote expanded educational and transfer opportunities for students transferring from community colleges to four-year colleges;
- Seek the greater utilization and enhancement of all Commission-administered specialized programs; and
- Enhance the benefits to those participating in state or federal tuition savings plans that encourage saving while offering tax relief incentives, such as the ScholarShare Program.

**PRINCIPLE #2: Ensure the Availability of Information on Educational Opportunities**

The Commission should work to expand and strengthen its early, statewide outreach efforts to middle and high school students as well as to non-traditional, re-entry and older students.

**OBJECTIVES:**

- Advocate for adequate funding for outreach, academic preparation, and public awareness activities;
- Promote the availability of information on college educational opportunities for all California students and families;
- Cultivate partnerships with community groups to promote the implementation of the California Dream Act.
- Provide information and guidance to students and their families on alternative methods for financing a college education;
- Provide the resources needed to maximize the effectiveness of the California Student Opportunity and Access Program (Cal-SOAP) and the California Cash for College program;
- Encourage the expansion of public and private partnerships in the California Cash for College program;
- Strengthen the Commission's partnership with the Superintendent of Public Instruction and local school districts; and
- Recognize that the Commission's outreach programs are designed to supplement and not supplant the activities that should be provided by secondary schools and districts.

**PRINCIPLE #3: Preserve the Flow of Financial Aid**

The Commission should promote the uninterrupted flow of student financial aid to enable students to achieve their educational goals. The process of applying for and receiving student aid should be as simple as possible for students and their families, educational institutions, and other program participants.

**OBJECTIVES:**

- Advocate for federal and state actions that result in a streamlined application process for California students;
- Advocate for continued enhancements and improvements to the Grant Delivery System to promote transparency and ease of use in the system while maintaining speed and accuracy;
- Advocate for policies that promote the cost-effective and timely administration of student financial aid programs;
- Strengthen the Commission's communication and partnerships with financial aid administrators through written communication and other training opportunities related to program changes and informational updates; and
- Encourage the expansion of public and private partnerships in the California Cash for College program.

**PRINCIPLE #4: Ensure Adequate Support and Flexibility for Commission Operations**

The Commission should ensure that it can administratively fulfill its essential mission and responsibilities.

**OBJECTIVES:**

- Work with the Legislature and the Administration to ensure the Commission continues to maintain the resources, including funding, equipment, and skilled personnel, necessary for an uninterrupted flow of financial aid and services to California students;
- Work to ensure that any new specialized programs have appropriate resources;
- Advocate for additional resources for new, advanced technology for delivery and customer services; and
- Advocate for the resources needed to reestablish fundamental operational services~~Continue evaluating the opportunities previously offered through, and the potential impact to the Commission and EdFund model in light of the potential sale of EdFund~~ the Educational Credit Management Corporation (ECMC) .

DRAFT



## **PARTICIPATION IN THE LEGISLATIVE PROCESS**

### ***POSITIONS ON BILLS***

Staff will draft an objective analysis of all legislative bills that affect the Commission. All positions will be in a “pending” status until the Commission has the opportunity to review the legislation and analysis and take an official position. During the legislative session, the Commission should support these legislative principles by taking the following actions for proposed legislation at Commission meetings as appropriate.

#### **No Position**

- A bill that the Commission has not yet discussed or is not relevant to the Commission’s mission or Legislative Principles.

#### **Watch**

- A bill that is not within the scope of the Commission’s responsibility or would not affect the Commission’s operations or procedures in its current iteration, but which may be amended to do so.

#### **Support**

- Supports the Commission’s mission and principles.

#### **Neutral if Amended, Support if Amended, or Oppose unless Amended**

- The Commission’s position would change if recommended amendments are made to resolve implementation or policy concerns. This position should indicate which concerns must be resolved before the Commission would change its position.

#### **Oppose**

- A bill that is in conflict with the Commission’s mission and principles; it cannot be administered; it is too costly and burdensome to the Commission, the students, and schools.

#### **Sponsor**

- A bill proposal that the Commission identifies as beneficial to preserve or enhance service to California students and families and central to the Commission’s administration of its programs, its mission and its legislative principles.

### ***OPPORTUNITIES FOR DIRECT INVOLVEMENT***

Staff will request the Commission’s involvement during the legislative session as opportunities arise. Commission staff will develop and provide Commissioners with an advocacy binder to aid the Commissioners in communicating Commission policy and messaging.

- Discussions related to the January Governor’s Budget, bills and new proposals beginning in January;
- Participation in the Commission-sponsored annual Legislative Briefing Day and annual Cash for College Kick-off;
- Work with Commission staff to arrange visits with member offices to promote the Mission and advocate for the passage of Commission-supported legislation;
- Work with legislative budget committee staff to preserve the Cal Grant program and maintain adequate funding for Commission operations; and
- Work in coordination and cooperation with our partners in the financial aid community including secondary schools, all segments of higher education, and state and national financial aid associations by attending board and annual meetings and Webinars.

**2013 Legislative Session Background**

The 2013 Legislative Session began on January 7 with the swearing in of 47 new members to the Senate and Assembly (including the eight Assemblymembers who moved over to the Senate). Each member is assigned to a committee(s) by the leadership of the house. For a list of committee assignments, see Tab 6.b.2.a.

Members of the Senate may introduce up to 40 bills during the session—excluding constitutional amendments, resolutions, or committee bills—though few will author that many. Similarly, Assemblymembers may introduce up to 40 bills—including constitutional amendments—and up to five resolutions. For a calendar of legislative deadlines, please see Tab 6.b.2.b.

**Student Aid Commission Staff Bill Analysis Background**

Commission staff will become aware of new or amended legislative bills through two pathways: (1) legislative staff will contact Commission staff directly with bill ideas and/or preliminary language, and (2) the Commission subscribes to the StateNet bill tracking service which provides daily reports and alerts on legislation and committee hearings. Upon determining that a particular piece of legislation affects Commission programs or operations either directly or indirectly, the Legislative Director initiates analysis under the guidance of the Executive Director.

After preparing an initial summary of the legislation and creating a bill analysis template for Commission staff's information, the Legislative Director will solicit input from the Program and Administrative Services Division on policy and administration, from the Information Technology Services Division for any programming changes to our Grant Delivery System, from the Research Unit for any data on program capacity or fiscal impact, and from Administration and External Affairs if the bill will require changes in staff operations or additional resources. The Legislative Director will use all information and data provided to prepare a final analysis for the Executive Director's review. The Executive Director will then direct staff to put a legislative agenda item together for the Commission's consideration such as the one below.

**Student Aid Commission Bill Positions**

Each two-year legislative cycle, the Commission will approve a set of Legislative and Budget Guiding Principles that includes a description of positions that can be taken. In 2011-12 those positions were:

**No Position**

- A bill that the Commission has not yet discussed or is not relevant to the Commission's mission or Legislative Principles.

**Watch**

- A bill that is not within the scope of the Commission's responsibility or would not affect the Commission's operations or procedures in its current iteration, but which may be amended to do so.

**Support**

- Supports the Commission's mission and principles.

**Neutral if Amended, Support if Amended, or Oppose unless Amended**

- The Commission's position would change if recommended amendments are made to resolve implementation or policy concerns. This position should indicate which concerns must be resolved before the Commission would change its position.

**Oppose**

- A bill that is in conflict with the Commission's mission and principles; it cannot be administered; it is too costly and burdensome to the Commission, the students, and schools.

**Sponsor**

- A bill proposal that the Commission identifies as beneficial to preserve or enhance service to California students and families and central to the Commission's administration of its programs, its mission and its legislative principles.

At times, the Commission has voted positions of "Support in Concept" or "Oppose in Concept" if the bill text was in the process of amendment or introduction. In those cases, the Commission has directed staff according to which provisions in the bill it supported and/or concerns that Commission staff should convey to the author or legislative committees.

In their adoption of the Legislative and Budget Principles, the Commission may designate the Executive Director to communicate their positions with the author and other appropriate parties. This is very common and allows Commission staff to move very quickly in the fluid legislative process. At times, a bill will be gut-and-amended, completely changing the subject matter of the legislation. In those cases, the Commission's position will be removed and the Executive Director will transmit a letter to that end to the author and the chair of the committee in which the bill resides.

## 2013 Bills for the Commission's Consideration

Using the staff bill analysis process described previously, the following 2013 bills have been identified as under the purview of the Commission. Commission staff will provide an oral update on any legislation introduced since the preparation of this tab item.

## Bills Affecting Educational Access and Affordability

**SB 141****Commission Position: None****AUTHOR:** Correa (D)**TITLE:** College Education Benefits: Children of Deported Parent**INTRODUCED:** 1/29/2013**LOCATION:** Senate, not yet set for hearing

**Summary:** Exempts U.S. citizen children of deported parents who have chosen to relocate to their parents' home country in order to remain with their family and who have accordingly lost their California residency from being charged out-of-state or international student tuition rates at California public colleges and universities. Allows these students to participate in California student financial aid programs.

**Problem:** In 2012, U.S. Immigration and Customs Enforcement (ICE) released a report<sup>1</sup>, "Deportation of Parents of U.S. Born Children." Between January 1, 2011 and June 30, 2011 ICE removed 46,486 parents who had at least one U.S. born child. During the same period, ICE obtained 21,860 final orders of removal for undocumented parents who have at least one child that is an American citizen; 3,430 of these orders were in California.

There are several data limitations when assessing the impact these removals have on U.S. born children. For example, Immigration and Customs Enforcement (ICE) does not collect specific information on the number of instances in which both parents of a child are removed or whether the children remained in the U.S. after their parents' removal.<sup>2</sup> However, the Pew research Center estimates there are over five million children are currently living in the U. S. with at least one undocumented parent, and approximately 75 percent of the children are U.S. citizens.<sup>3</sup>

**Solution:** To protect the American citizen children of deported parents and afford them the same benefits allowed to specified non-residents authorized under existing law--Assembly Bill 540 (AB 540), AB 130, and AB 131--Senator Correa proposes amending California Educational Code with the provisions listed above.

**Staff Recommended Position:** Support

<sup>1</sup> Homeland Security U.S. Immigration and Customs Enforcement, "Deportation of Parents of U.S. Born Citizens: Fiscal Year 2011 Report to Congress." March 26, 2012. <http://www.ilw.com/immigrationdaily/news/2012,0405-deportationofparents.pdf>.

<sup>2</sup> Department of Homeland Security Office of Inspector General, "Removals Involving Illegal Alien Parents of United States Citizen Children." January 12, 2009. <http://trac.syr.edu/immigration/library/P3156.pdf>.

<sup>3</sup> Jeffrey S. Passel and Paul Taylor, "Unauthorized Immigrants and their U.S.-Born Children." Pew Research Center, August 11, 2010. <http://www.pewhispanic.org/2010/08/11/unauthorized-immigrants-and-their-us-born-children/>.

**SB 150****Commission Position: None****AUTHOR:** Lara (D)**TITLE:** Pupils: Concurrent Enrollment in Community College**INTRODUCED:** 1/31/2013**LOCATION:** Senate, not yet set for hearing

**Summary:** Exempts a secondary school pupil, other than a nonimmigrant alien, who is concurrently attending a California Community college as a special part-time student from paying nonresident tuition at the community college if certain conditions are satisfied.

**Problem:** Some undocumented California high school students participating in special community college enrichment programs are forced to pay non-resident tuition while their counterparts are allowed to attend for in-state tuition or free. If they were high school graduates, these students would be eligible for the AB 540 non-resident tuition exemption and AB 131 California Dream Act community college fee waiver. However, because they are still in high school, they fail to meet the high school graduation criterium for AB 540 eligibility.

**Solution:** This bill creates AB 540-like criteria for high school students: (1) He or she has attended school in California for one year or more; (2) He or she is enrolled in a California high school; (3) He or she is enrolled in a California community college pursuant to Section 44800 and 76001 of the California Education Code; and (4) In the case of a pupil without lawful immigration status, an affidavit has been filed with the institution of higher education stating that the student has filed an application to legalize his or her immigration status, or will file an application as soon as he or she is eligible to do so.

**Staff Recommended Position:** Support**AB 303****Commission Position: None****AUTHOR:** Calderon, Ian (D)**TITLE:** Cal Grant Program: members and former members of the Armed Forces of the United States**INTRODUCED:** 2/12/2013**LOCATION:** Assembly, not yet set for hearing

**Summary:** Allow members of the Armed Forces who enrolled in the military during the one year Cal Grant High School Entitlement "window" to keep their Entitlement eligibility if they begin their college education within one year of their honorable discharge and meet all the other application and eligibility requirements.

**Problem:** Men and women who make a commitment to serve the United States by entering the Armed Forces directly after high school are doing so at great cost to themselves; right now that cost includes foregoing any opportunity to receive a High School Entitlement Cal Grant.

**Solution:** This bill defers the High School Entitlement Cal Grant guarantee for members of the Armed Forces of the United States until one year following their discharge (for all cases except dishonorable). These veterans are allowed to apply for and receive preliminary award by the Student Aid Commission, but must affirm their enlistment date and discharge status prior to receiving disbursement of the award.

**Staff Recommended Position:** Support

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Bills Promoting Student Protections

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Assemblymember Bob Wieckowski has introduced a three-bill package entitled the “Student Bill of Rights.” As of the preparation of this tab, the third bill has not yet been introduced, but the Assemblymember has issued a press release stating his intent. The information provided below was taken from the member’s website.

**AB 233****Commission Position: None****AUTHOR:** Wieckowski (D)**TITLE:** Student Loan Wage Garnishment**INTRODUCED:** 2/5/2013**LOCATION:** Assembly, not yet set for hearing

**Summary:** Prohibits the issuance of an earnings withholding order for purposes of collecting debt on a student loan that is not made, insured or guaranteed by the U.S. Government pursuant to the Federal Family of Education Loan Program or the William D. Ford Federal Direct Loan Program.

**Problem:** Because student loan debt is not dischargeable in bankruptcy, the debtor cannot get rid of the debt and will have to pay back his loan eventually. Unlike federal student loans, private student loans may have uncapped variable rates and lack flexible repayment plans, deferments and other safeguards for students. Currently, those who cannot afford to pay their private student loans can have up to 25% of their disposable income garnished by a creditor.

**Solution:** This bill would prevent the garnishment of wages for private student loans, and encourage creditors to work with the debtor in order to find a repayment plan that the student can manage.

**Staff Recommended Position:****AJR 11****Commission Position: None****AUTHOR:** Wieckowski (D)**TITLE:** Student Loan Bankruptcy Discharge**INTRODUCED:** 2/6/2013**LOCATION:** Assembly, not yet set for hearing

**Summary:** States California’s support for changing federal bankruptcy laws to remove the private loan exemption and allow private student loan debt to be discharged via bankruptcy.

**Problem:** Since a federal law change in 2005, student loans taken out from private lenders have not been able to discharge any of that debt via bankruptcy. According to the author, “The sharp rise in student fees, the unemployment or underemployment of graduates and the inability to discharge these debts through bankruptcy have led to situations where debts can rise to over \$100,000 in rare occasions and roughly \$26,000 on average.”

**Solution:** This resolution urges the President and Congress of the United States to support and pass legislation that allows borrowers the same ability to discharge their private student loan

debt as they do to discharge their unsecured nonpriority debt under Chapter 7 or Chapter 13 of the Bankruptcy Code.

**Staff Recommended Position:**

**AB** \_\_

**Commission Position: None**

**AUTHOR:** Wieckowski (D)

**TITLE:** Student Loan Counseling

**INTRODUCED:** pending

**LOCATION:** pending

**Summary:** Known as the “Know Before You Owe” bill; provides state requirements for entrance and exit loan counseling to students borrowing private student loans modeled off of the federal statute for Title IV federal student loans.

**Problem:** According to the author, it is imperative that students who take out private student loans understand the terms of the loans, the interest rate, how much the loan payments will be, and other basic information about the loan that they are taking out. Federal loans have many safe guards build in like forgiveness, forbearance, and deferment, which private loans do not offer and postsecondary institutions are required to provide basic information to borrowers of federal loans through entrance and exit interviews.

**Solution:** As private student loans become more relied upon by students, mandating entrance and exit counseling similar to that which borrowers of federal student loans receive can ensure they are at least as well informed about the facts of their loans.

**Staff Recommended Position:** Support

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Bills Affecting Tuition at the Public Universities

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**SB 58****AUTHOR:** Canella (R)**TITLE:** Public Postsecondary Education: Funding**INTRODUCED:** 1/7/2013**LOCATION:** Senate Education Committee, not yet set for hearing

**Summary:** Prohibits, from the 2013-14 fiscal year to the 2018-19 fiscal year, mandatory systemwide fees or tuition charged to students of the California State University, the California Community Colleges, and the University of California from exceeding the level of the mandatory systemwide fees or tuition charged to students of those institutions for the 2011-12 fiscal year.

**AB 67****AUTHOR:** Gorell (R)**TITLE:** Public Postsecondary Education: Funding**INTRODUCED:** 1/7/2013**LOCATION:** Assembly Higher Education Committee, not yet set for hearing

**Summary:** Prohibits, from the 2013-14 fiscal year to the 2018-19 fiscal year, mandatory systemwide fees or tuition charged to students of the California State University, the California Community Colleges, and the University of California from exceeding the level of the mandatory systemwide fees or tuition charged to students of those institutions for the 2011-12 fiscal year.

**AB 138****AUTHOR:** Olsen (R)**TITLE:** Public Postsecondary Education: Tuition and Fees**INTRODUCED:** 1/16/2013**LOCATION:** Assembly Higher Education Committee, not yet set for hearing

**Summary:** Adds to the Donahoe Higher Education Act a provision requiring the Trustees of the California State University and the Regents of the University of California to determine the amounts of undergraduate tuition and mandatory systemwide fees for residents in each incoming first-year class in their respective segments. Requires that the tuition and fees set for residents in each incoming class would not be increased until that class has completed at least 4 academic years.

**AB 159****AUTHOR:** Chavez (R)**TITLE:** Postsecondary Education**INTRODUCED:** 1/22/2013**LOCATION:** Assembly Higher Education Committee

**Summary:** Relates to the Trustees of the California State University and Regents of the University of California. Requires the trustees and requests the regents to determine the amounts of undergraduate tuition and mandatory systemwide fees for each incoming first-year class. Requires that the tuition and mandatory fees not be increased for that class for a specified time except as adjusted for inflation.



## Senate Fiscal and Education Committee Assignments

Committee assignments below are only for major committees through which bills of interest to the Commission will flow.

### **Senate Appropriations Committee**

Senator Kevin de León, Chair  
Senator Mimi Walters, Vice Chair  
Senator Ted Gaines  
Senator Jerry Hill  
Senator Ricardo Lara  
Senator Alex Padilla  
Senate President pro Tempore Darrell Steinberg

### **Senate Budget & Fiscal Review Committee**

Senator Mark Leno, Chair  
Senator Bill Emmerson, Vice Chair  
Senator Joel Anderson  
Senator Jim Beall, Jr.  
Senator Tom Berryhill,  
Senator Marty Block  
Senator Mark DeSaulnier  
Senator Loni Hancock  
Senator Jerry Hill  
Senator Hannah Beth Jackson  
Senator Bill Monning  
Senator Curren Price Jr.  
Senator Richard Roth  
Senator Roderick Wright  
Senator Mark Wyland

### **Senate Budget Subcommittee No. 1 on Education Finance**

Senator Marty Block, Chair  
Senator Ted Gaines  
Senator Roderick Wright

### **Senate Education Committee**

Senator Carol Liu, Chair  
Senator Mark Wyland, Vice Chair  
Senator Marty Block  
Senator Lou Correa  
Senator Loni Hancock  
Senator Bob Huff  
Senator Hannah Beth Jackson  
Senator Ricardo Lara  
Senator Bill Monning

## Assembly Fiscal and Education Committee Assignments

Committee assignments are only for major committees through which bills of interest to the Commission will flow.

### **Assembly Appropriations Committee**

Assemblymember Mike Gatto, Chair  
 Assemblymember Diane L. Harkey, Vice Chair  
 Assemblymember Franklin E. Bigelow  
 Assemblymember Raul Bocanegra  
 Assemblymember Steven Bradford  
 Assemblymember Ian C. Calderon  
 Assemblymember Nora Campos  
 Assemblymember Tim Donnelly  
 Assemblymember Susan Talamantes Eggman  
 Assemblymember Jimmy Gomez  
 Assemblymember Isadore Hall III  
 Assemblymember Chris R. Holden  
 Assemblymember Eric Linder  
 Assemblymember Richard Pan  
 Assemblymember Bill Quirk  
 Assemblymember Donald P. Wagner  
 Assemblymember Shirley N. Weber

### **Assembly Budget Committee**

Assemblymember Bob Blumenfield, Chair  
 Assemblymember Jeff Gorell, Vice Chair  
 Assemblymember Richard Bloom  
 Assemblymember Susan A. Bonilla  
 Assemblymember Nora Campos  
 Assemblymember Rocky J. Chávez  
 Assemblymember Wesley Chesbro  
 Assemblymember Tom Daly  
 Assemblymember Roger Dickinson  
 Assemblymember Richard S. Gordon  
 Assemblymember Shannon L. Grove  
 Assemblymember Diane L. Harkey  
 Assemblymember Reginald Byron Jones-Sawyer, Sr.  
 Assemblymember Dan Logue  
 Assemblymember Allan R. Mansoor  
 Assemblymember Melissa A. Melendez  
 Assemblymember Holly J. Mitchell  
 Assemblymember Mike Morrell  
 Assemblymember Kevin Mullin  
 Assemblymember Al Muratsuchi  
 Assemblymember Adrin Nazarian

Assemblymember Brian Nestande  
Assemblymember Jim Patterson  
Assemblymember Anthony Rendon  
Assemblymember Mark Stone  
Assemblymember Philip Y. Ting  
Assemblymember Donald P. Wagner

**Assembly Budget Subcommittee No. 2 on Education Finance**

Assemblymember Susan A. Bonilla, Chair  
Assemblymember Rocky J. Chávez  
Assemblymember Al Muratsuchi  
Assemblymember Brian Nestande  
Assemblymember Philip Y. Ting

**Assembly Education Committee**

Assemblymember Joan Buchanan, Chair  
Assemblymember Kristin Olsen, Vice Chair  
Assemblymember Nora Campos  
Assemblymember Rocky J. Chávez  
Assemblymember Adrin Nazarian  
Assemblymember Shirley N. Weber  
Assemblymember Das Williams

**Assembly Higher Education Committee**

Assemblymember Das Williams, Chair  
Assemblymember Rocky J. Chávez, Vice Chair  
Assemblymember Richard Bloom  
Assemblymember Paul Fong  
Assemblymember Steve Fox  
Assemblymember Reginald Byron Jones-Sawyer, Sr.  
Assemblymember Marc Levine  
Assemblymember Eric Linder  
Assemblymember Jose Medina  
Assemblymember Kristin Olsen  
Assemblymember Sharon Quirk-Silva  
Assemblymember Shirley N. Weber  
Assemblymember Scott Wilk

**2013 TENTATIVE LEGISLATIVE CALENDAR**  
 COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE  
 November 20, 2012

**DEADLINES**

JANUARY						
S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

- Jan. 1** Statutes take effect (Art. IV, Sec. 8(c)).
- Jan. 7** Legislature Reconvenes (J.R. 51(a)(1)).
- Jan. 10** Budget must be submitted by Governor (Art. IV, Sec. 12(a)).
- Jan. 21** Martin Luther King, Jr. Day.
- Jan. 25** Last day to submit **bill requests** to the Office of Legislative Counsel.

FEBRUARY						
S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

- Feb. 18** President's Day.
- Feb. 22** Last day for **bills to be introduced** (J.R. 61(a)(1)), (J.R. 54(a)).

MARCH						
S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

- Mar. 21** Spring Recess begins at end of this day's session (J.R. 51(a)(2)).
- Mar. 29** Cesar Chavez Day.

APRIL						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

- Apr. 1** Legislature Reconvenes from Spring Recess (J.R. 51(a)(2)).

MAY						
S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

- May 3** Last day for **policy committees** to hear and report to Fiscal Committees **fiscal bills** introduced in their house (J.R. 61(a)(2)).
- May 10** Last day for **policy committees** to hear and report to the Floor **non-fiscal bills** introduced in their (J.R. 61(a)(3)).
- May 17** Last day for **policy committees** to meet prior to June 3 (J.R. 61(a)(4)).
- May 24** Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61(a)(5)). Last day for **fiscal committees** to meet prior to June 3 (J.R. 61(a)(6)).
- May 27** Memorial Day.
- May 28-May 31 Floor Session Only.**  
No committee may meet for any purpose (J.R. 61(a)(7)).
- May 31** Last day for bills to be **passed out of the house of origin** (J.R. 61(a)(8)).

**2013 TENTATIVE LEGISLATIVE CALENDAR**  
 COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE  
 November 20, 2012

JUNE						
S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

- Jun. 3** Committee meetings may resume (J.R. 61(a)(9)).
- Jun. 15** Budget must be passed by midnight (Art. IV, Sec. 12(c)(3)).

JULY						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

- Jul. 4** Independence Day.
- Jul. 12** Last day for policy committees to meet and report bills (J.R. 61(a)(10)). Summer recess begins at the end of this day's session, provided the Budget Bill has been passed (J.R. 51(a)(3)).

AUGUST						
S	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

- Aug. 12** Legislature Reconvenes from Summer Recess (J.R. 51(a)(3)).
- Aug. 30** Last day for Fiscal Committees to meet and report bills to Floor (J.R. 61(a)(11)).

SEPTEMBER						
S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

- Sep. 2** Labor Day.
- Sep. 6** Last day to amend bills on the floor (J.R. 61(a)(13)).
- Sep. 3-13** Floor Session Only. No Committees, other than conference committees and Rules committee, may meet for any purpose (J.R. 61(a)(12)).
- Sep. 13** Last day for each house to pass bills (J.R. 61(a)(14)). Interim Study Recess begins at the end of this day's session (J.R. 51(a)(4)).

**IMPORTANT DATES OCCURRING DURING INTERIM STUDY RECESS**

**2013**

Oct. 13 Last day for Governor to sign or veto bills passed by the Legislature on or before Sep. 13 and in the Governor's possession after Sep. 13 (Art. IV, Sec.10(b)(1)).

**2014**

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 6 Legislature reconvenes (J.R. 51 (a)(4)).

## Congressional and Executive Actions

- Immigration Reform
  - On January 29, 2013, President Obama unveiled his four-part immigration proposal called, “Fixing our Broken Immigration System so Everyone Plays by the Rules.” The major tenets of his proposal are
    - Continue to strengthen border security
    - Crack down on companies that hire undocumented workers
    - Hold undocumented immigrants accountable before they can earn their citizenship (includes DREAM Act provisions for expediting path to citizenship for those who attend college or serve in the military)
    - Streamline the legal immigration process for families, workers, and employers
    - For a detailed description of the President’s proposal, visit the [White House website](#).
  - A bipartisan group of eight Senators announced they will be co-authoring legislation to be revealed in March. Like the President’s plan, it includes a pathway to citizenship (including DREAM Act), increased border security, and an employment verification process.
  - House sponsored immigration reform legislation is also expected, but no specifics have been released.
- Deferred Action for Childhood Arrivals (DACA)
  - While awaiting comprehensive immigration reform, President Obama has issued a memo calling for temporary relief from deportation for certain undocumented young people who came to the United States as children and have pursued education or military service. Those who are granted the two-year deferred action are not granted permanent legal status, but are eligible for legal work authorization. They must reapply every two years.

## Federal Budget

Each of the following bullets plays an intricate part in the development of the federal budget.

- Sequestration
  - Sequestration is a series of automatic federal spending cuts that occur when the government fails to achieve a set of pre-determined goals.
  - In the current context, The Budget Control Act of 2011 called for reducing discretionary spending in fiscal year (FY) 2013 by roughly \$110 billion unless Congress failed to pass sweeping legislation to reduce budget deficits by \$1.2 trillion over the next decade.
  - Sequestration was supposed to go into effect on January 2, 2013, but the American Taxpayer Relief Act of 2012 extended the deadline for sequestration to March 1.
  - Pell Grant is among the programs exempt from sequestration, but only until 2014.
- FY 2013 Budget
  - Congress has yet to enact a budget for FY 2013, which began on October 1, 2012.

- In September, Congress enacted a stop-gap spending measure, known as a continuing resolution (CR), which will keep the government operating until March 27, 2013.
  - Failure to enact a FY 2013 budget is now affecting the preparation of the president's FY 2014 budget request (see below).
- Debt Ceiling
- The debt ceiling is the legal limit on the level of debt the federal government can hold and thus the amount it can borrow to meet existing obligations.
  - U.S. debt is expected to reach the current ceiling of \$16.4 trillion early in 2013.
  - Congress has the authority to raise the debt ceiling as needed, and has done so regularly in the past. However, the last time the debt ceiling was addressed in 2011, the issue became quite contentious and resulted in enactment of the Budget Control Act and sequestration.
  - Absent an increase in the debt ceiling in 2013, the government will shut down and default on existing loans.
- President Obama's FY 2014 Budget Request
- The White House is required by law to submit its budget request for the coming fiscal year no later than the first Monday in February.
  - The White House Office of Management and Budget (OMB) delayed the scheduled February 4 release of the president's FY 2014 budget request until early March or later. This is, in part, due to Congress' failure to enact a budget for the current fiscal year, leaving OMB without a baseline upon which to build the FY 2014 request.

#### Higher Education Act of 1965 (HEA) Reauthorization

- In 2014, Congress is due to take up the reauthorization of the Higher Education Act of 1965 (HEA). Some of the areas that they are expected to consider are
- Veteran's issues
  - Program Integrity rulemaking
  - State authorization or the complementary roles of the U.S. Department of Education, accreditors and state licensing agencies
  - eLearning or technology in course delivery
  - The federal student loan program
  - Federal student aid spending cuts
  - And more.

#### Other Federal Financial Aid Reform Efforts

- Bill & Melinda Gates have commissioned 16 reports on Reimagining Aid Design and Delivery. For more information on the project and the 16 organizations awarded \$3.6 million in grants, visit the [Gates Foundation website](#).
- On February 12, the Institute for **College Access and Success (TICAS)** released their commissioned [white paper](#) containing more than one dozen recommendations for reforming federal student aid. Some of the major recommendations were:

- Dramatically simplify the federal aid application process by using data available from the IRS when students typically apply to college.
- Align incentives by rewarding colleges that serve low-income students well with additional funding and flexibility to innovate, while scaling sanctions to reflect the degree of risk schools pose to students and taxpayers.
- Double the maximum Pell Grant to close the growing income gaps in enrollment and completion, which persist even for students with similar levels of academic preparation.
- Offer one undergraduate student loan with no fees, a low in-school interest rate, and a fixed rate in repayment that is never too much higher than the interest rate on loans being offered to current students.
- Streamline overlapping income-based loan repayment programs into one improved plan that assures borrowers of manageable payments and forgiveness after 20 years.
- Eliminate higher education tax benefits, which are badly timed and poorly targeted, and use the savings for Pell Grants and incentives for states and colleges. If tax benefits are retained, streamline them into an improved American Opportunity Tax Credit that provides more help for low- and moderate-income students.
- Create and promote tools – from early aid estimates based on tax returns to standardized award letters – that give students and families clear, concise, and timely information about aid, costs, and outcomes to inform their decisions about where to apply and how to pay for college.
- Earlier this month the **Institute for Higher Education Policy (IHEP)** released their report suggesting, in addition to streamlining the financial aid application process, that financial aid reform should
  - Promote early and coordinated preparation for college with “early financial aid accounts,” college savings plan matches, a fully-refundable American Opportunity Tax Credit, and communication from the IRS regarding potential financial aid eligibility and the plans for affording college.
  - Restructure or repurpose grant and loan delivery mechanisms by making the Pell Grant an entitlement, providing block grants to states to coordinate institutional student services and public benefits, and reform the Supplemental Education opportunity Grant (SEOG).
  - Provide incentives for completion by instituting a system of loan forgiveness for on-time, Pell-eligible students; tie some aid to student debt repayment rates, CDRs, and degrees awarded; and encouraging funding for need-based aid.
  - Reduce debt burdens by making Income-Based Repayment (IBR) the default option for all federal student loan borrowers and incentivize pre-tax employer matching contributions for five years.
- In another of the Gates-commissioned reports, the **Committee on Economic Development** echoes some of IHEP’s recommendations, but focuses more on creating efficiencies in federal and state governments and institutions enabling them to work together to increase college access.



- Replace all federal non-loan financial aid programs (including Pell Grant) with a joint federal-state 4:1 matching grant program with the provisions that the aid be awarded on the basis of need, be portable across institutional and state lines, and public institutions do not raise tuition more than the rate of increase in median family income in the state.
- Use federal financial aid funds to ensure access to higher education, not reward academic success or attempt to steer students into certain sectors of the labor market.
- Eliminate all federal higher education tax credits.
- Create a “Race to the Top” program for financial aid that would be funded through the elimination of the higher education tax credits. Some possible items for scoring that would increase the federal lump sum payment (above the \$4:1 match?) might be
  - Create a work-study program tied to local labor markets.
  - Establish a state-private institution matching program for need-based financial aid.
  - Establish an outreach program for informing every young person in the state regarding their eligibility for aid and amount of college tuition.
  - Create state-level programs that reward institutions for increasing their students’ success.

## State Budget Issues

### 2013-14 Proposed Budget

The Governor released his Proposed 2013-14 Budget on January 10, 2013. With the passage of Proposition 30 and the Governor's expressed commitment to higher education, there are no major changes proposed for either the Commission's programs or operations budget. Charts showing our proposed budget are included in Tabs 6.b.4.a and 6.b.4.b.

### Cal Grant Program

The funding for the Cal Grant program is based on Commission staff projections and the award amounts indicated below:

- The maximum Cal Grant A and B tuition/fee award amount at the University of California (UC) and California State University (CSU) remain at the 2012-13 level - \$12,192 and \$5,472, respectively.
- The maximum Cal Grant A and B award amount at non-public institutions reflects the changes enacted in Senate Bill 1016 and the proposed continuation of the 5 percent reduction of award levels imposed by the Governor's veto of the 2012-13 budget. The specific award amounts are noted below:
  - ❖ New students: reflects the reduction in the maximum award amount at private institutions (per SB 1016) for new students from \$9,223 to:
    - \$9,084 at non-profit institutions and WASC accredited for-profit institutions and
    - \$4,000 at non-WASC accredited for-profit institutions

Note: The maximum award amount for new students at non-profit institutions and WASC accredited for-profit institutions will be reduced again from \$9,084 to \$8,056 in 2014-15 per SB 1016.
  - ❖ Renewal students: reflects the proposed continuation of the maximum award amount of \$9,223 based on the 5 percent reduction of award levels imposed by the Governor's veto of the 2012-13 budget.
- The maximum Cal Grant B access award for new and renewal students remains at \$1,473 based on the proposed continuation of the 5 percent reduction of award levels imposed by the Governor's veto of the 2012-13 budget.
- The maximum Cal Grant C award amounts for new and renewal students reflect the proposed continuation of the 5 percent reduction of award levels imposed by the Governor's veto of the 2012-13 budget:
  - Tuition/Fee: \$2,462
  - Books and Supplies: \$547

Tab 6.b.4.c provides estimates on the number of students affected and the cost of restoring the award amounts to previous levels.

## State Budget Issues

### TANF

The Governor's 2013-14 Proposed Budget for the Cal Grant Program includes \$942.9 million in Temporary Assistance for Needy Families (TANF) funding through an interagency agreement with the California Department of Social Services (CDSS). This amount represents an increase of \$132 million over the \$803 million appropriated in 2012-13.

At its January 24, 2013 meeting, the Commission directed the Student Impact Committee to discuss concerns regarding the use of TANF funds for the Cal Grant Program. The Student Impact Committee will discuss this issue at its February 20, 2013 meeting and will provide a report to the Commission.

### College Access Challenge Grant Funding

Created by the federal government in September 2007, the College Access Challenge Grant (Challenge Grant) program provides block grants to 57 U.S. states and territories to promote the enrollment and success of underrepresented students in higher education. During the first two cycles of funding (FY 2008 and FY 2009), California received \$7.7 million each year. Because funding was doubled when the program was reauthorized through FY 2014, California has received \$15 million each year since 2010.

In California, the College Access Challenge Grant (Challenge Grant) funding supports three highly successful, critical initiatives that reach thousands of underrepresented students: the California Student Opportunity and Access Program (Cal-SOAP), California Cash for College, and the Assumption Program of Loans for Education (APLE). The Governor's proposed budget anticipates the continued use of the Challenge Grant funds for these programs at the same level as the current year.

We want to bring to your attention two critical issues regarding the Challenge Grant funding.

#### Maintenance of Effort Requirement

To ensure that states expand services rather than use federal funds to displace state spending, the Challenge Grant program has Maintenance of Effort requirements regarding funding for public institutions of higher education and for financial aid for students attending private institutions of higher education. The rules call for states to provide financial support each year that is equal to the average amount provided over the five preceding state fiscal years.

Initial estimates by the three public higher education segments indicate that California may not meet the requirements for Maintenance of Effort. The U.S. Department of Education (USED) has a waiver application that states can submit "outlining the exception or uncontrollable circumstances that prevented the State from maintaining its support for higher education." Such circumstances include "a precipitous and unforeseen decline in a State's financial resources." In determining whether a waiver should be granted, USED "examines whether the reductions in support for public and private institutions were less than or equal to the percentage reduction in overall appropriations."

We have begun working with the Department of Finance (DOF) to obtain information needed to request a waiver of the Maintenance of Effort. While we anticipate we will work closely with DOF on the preparation of the waiver, the waiver will be submitted by Department of Finance and is due to USED by May 31, 2013.

## State Budget Issues

USED decisions regarding the approval of the waiver may not be provided until August 2013 in preparation for the 2013-14 Challenge Grant Award announcements.

### 2013-14 Challenge Grant Funding Application

States must apply annually for Challenge Grant funding. We typically work with the Governor's Office to prepare the application which contains information on how the State requests to use the funds and the goals we expect to achieve. A key performance indicator for the program is the number of students completing the Free Application for Federal Student Aid (FAFSA).

For the past three years, the Governor has requested the same level of support for Cal-SOAP, California Cash for College and APLE. We anticipate the 2013-14 application will be due to USED around June 30<sup>th</sup>. We are recommending that the Commission consider making recommendations to the Governor as to the use of the funds. Therefore, we recommend that this issue be discussed at the next Committee and Commission meetings.

We can provide more details on the application and the accomplishments achieved in the Cal-SOAP and California Cash for College Program at that time. We would also include the Cal-SOAP Project Directors in our presentation.

### Higher Education Proposals

In the 2013-14 Governor's Budget Summary, the Governor indicates that his proposed budget aims to enhance the quality of California's higher education institutions by making them more affordable, decreasing time to completion, improving overall completion rates in all higher education segments, and improving the transfer rate of community college students to four-year colleges and universities.

The following are excerpts from the Governor's Budget Summary:

- Multi-Year Stable Funding Plan

The State's General Fund contribution to UC and CSU will increase by 5 percent per year in 2013-14 and 2-14-15 and by 4 percent in each of the subsequent two years. Community colleges funding will also increase by 5 percent in 2013-14 and will grow significantly over the next several years. All institutions will be expected to use these increases to implement reforms that will make available the courses students need and help them progress through college efficiently, using technology to deliver quality education to greater numbers of students in high-demand courses, improving course management and planning, using faculty more effectively, and increasing the use of summer sessions. The Administration expects the colleges and universities to maintain current tuition and fee levels over the next four years.

- Expand the Delivery of Courses through Technology

The Budget provides additional funding as noted below to increase the number of courses available to matriculated undergraduates through the use of technology, focusing on courses that have the highest demand, fill quickly, and are prerequisites for many different degrees. Priority will be given to development of courses that can serve the greater numbers of students while providing equal or better learning experiences.

## State Budget Issues

- ❖ UC and CSU: \$10 million each.
- ❖ Community colleges: \$16.9 million. This initiative will include three key elements:
  - The creation of a “virtual campus” to increase statewide student access to 250 new courses delivered through technology,
  - The creation of a single, common, and centralized delivery and support infrastructure for all courses delivered through technology and for all colleges, and
  - The expansion of options for students to access instruction in other environments and earn college credit for demonstrated knowledge and skill through credit by exam.

- Student Success

The Governor expects each institution to direct annual General Fund augmentations to the achievement of the following priorities:

- Improvements in time-to-completion;
- Improvements in graduation and completion rates in all segments;
- Increases in transfer students enrolled at CSU and UC; and
- Successful credit and basic skills course completion

- Student Incentives

The number of units students can take while receiving a state General Fund subsidy at any of the segments will be capped. If students enroll in courses that exceed these caps, students will be required to pay the full cost of instruction. The colleges and universities may grant case-by-case waivers allowing students to continue to pay the subsidized tuition level, but additional state funding would not be provided for these students.

- ❖ For UC and CSU, in the first two years of the proposal, students will be allowed to accrue no more than 150 percent of the standard units needed to complete most degrees (270 quarterly units at UC and 180 semester units at CSU. In later years, student will be allowed to accrue units equivalent to no more than about one additional year of coursework (225 units at UC and 150 units at CSU).
- ❖ For Community Colleges, students will be allowed to take no more than 90 semester credit units (150 percent of the standard 60 semester units required to earn an associate’s degree or credits for transfer) starting in 2013-14.

- Reforms to Census Accounting Practices at Community Colleges

Currently community colleges are provided state funding based on the number of students enrolled at the 20-percent mark of the term. Under this construct, the fiscal incentives for community colleges are to enroll students and not to ensure the students complete the term. The Governor’s proposal will apportion funding by focusing on completion at the end of the term. The proposal will be phased in over several years to help colleges adjust their priorities and practices in a way that encourages appropriate student placement and good course management.

## State Budget Issues

- Community College Board of Governor's Fee Waiver Program Reform

Approximately 60 percent of all credit courses are waived annually by the community colleges and the state backfills this lost revenue source with state funds. The fee system is designed to charge fees to those who can afford to pay them and provide waivers to students who need them. The current fee waiver program provides financial aid to students with limited verification of financial need. To ensure that only financially needy students are determined eligible for the fee waiver program and to ensure program integrity, students seeking financial aid will be required to fill out a Free Application for Federal Student Aid (FAFSA) and include both parent and student income when determining fee waiver eligibility. [Note: per further discussion with the Governor's Office staff, student may complete the Commission's California Dream Act Application if they are not eligible to complete a FAFSA.] This proposal will generate additional federal financial aid resources for students and colleges.

On February 12, 2013, the Legislative Analyst's Office (LAO) issued its report "**The 2013-14 Budget: Analysis of the Higher Education Budget**", with the following statements:

In the 2013-14 Governor's Budget Summary, the Governor expresses major concerns about higher education in California. Most notably, the Governor is concerned about escalating higher education costs, funding models that promote neither efficiency nor effectiveness, and generally poor student outcomes. To address these issues, the Governor lays out a multiyear budget plan. The main component of the plan is large annual unallocated base increases for all three higher education segments. The Governor loosely links these base increases with an expectation the segments improve their performance.

Although we believe the Governor's budget plan has drawn attention to some notable problems, we have serious concerns with several of his specific budget proposals. By providing the segments with large unallocated increases only vaguely connected to undefined performance expectations, the Governor cedes substantial state responsibilities to the segments and takes key higher education decisions out of the Legislature's control. We recommend the Legislature take a different approach and allocate any new funding first for the state's highest existing education priorities, including debt service, pension costs, and paying down community college deferrals. If more funding is provided, then we recommend the Legislature link the additional funding with explicit enrollment and performance expectations.

The LAO report is available using the following link:  
<http://lao.ca.gov/laoapp/PubDetails.aspx?id=2686>

**CALIFORNIA STUDENT AID COMMISSION  
2013-14 PROGRAM (LOCAL ASSISTANCE) BUDGET  
Per Governor's Proposed Budget  
(\$ in millions)**

PROGRAM	2012-13 Budget *	2013-14			
		CSAC Projections		Governor's Proposed Budget	
		Adjustments	Total	Adjustments	Total
<b>Cal Grants</b>					
Entitlement	\$1,461.8	\$107.2	\$1,569.0	\$0.0	\$1,569.0
Competitive	\$124.3	(\$6.9)	\$117.4	\$0.0	\$117.4
Cal Grant C	\$8.2	(\$0.3)	\$7.9	\$0.0	\$7.9
<b>Subtotal Cal Grants</b>	<b>\$1,594.3</b>	<b>\$100.0</b>	<b>\$1,694.3</b>	<b>\$0.0</b>	<b>\$1,694.3</b>
<b>Other Programs</b>					
APPLE	\$25.6	(\$1.6)	\$24.0	\$0.0	\$24.0
CAL-SOAP	\$7.2	\$0.0	\$7.2	\$0.0	\$7.2
Chafee Foster Youth	\$11.6	\$0.0	\$11.6	\$0.0	\$11.6
Grad APPLE	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Child Development	\$0.3	\$0.0	\$0.3	\$0.0	\$0.3
Law Enforcement	\$0.1	\$0.0	\$0.1	\$0.0	\$0.1
SNAPLE - NF	\$0.6	\$0.1	\$0.7	\$0.0	\$0.7
CNG EAAP	\$2.5	\$0.0	\$2.5	\$0.0	\$2.5
Cash for College	\$0.3	\$0.0	\$0.3	\$0.0	\$0.3
John R. Justice Grant	\$0.1	\$0.0	\$0.1	\$0.0	\$0.1
<b>Subtotal Other Programs</b>	<b>\$48.3</b>	<b>(\$1.5)</b>	<b>\$46.8</b>	<b>\$0.0</b>	<b>\$46.8</b>
<b>TOTAL LOCAL ASSISTANCE</b>	<b>\$1,642.6</b>	<b>\$98.5</b>	<b>\$1,741.1</b>	<b>\$0.0</b>	<b>\$1,741.1</b>

FUNDING SOURCES	2012-13 Budget *	2013-14			
		CSAC Projections		Governor's Proposed Budget	
		Adjustments	Total	Adjustments	Total
<b>Cal Grants</b>					
General Fund	\$705.9	\$184.7	\$890.6	(\$199.2)	\$691.4
Student Loan Operating Fund	\$84.7	(\$84.7)	\$0.0	\$60.0	\$60.0
Federal Trust Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Reimbursement	\$803.7	\$0.0	\$803.7	\$139.2	\$942.9
<b>Other Programs</b>					
General Fund	\$19.1	(\$1.5)	\$17.6	\$0.0	\$17.6
Student Loan Operating Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal Trust Fund	\$14.7	\$0.0	\$14.7	\$0.0	\$14.7
Reimbursement	\$14.5	\$0.0	\$14.5	\$0.0	\$14.5
<b>All Programs</b>					
General Fund	\$725.0	\$183.2	\$908.2	(\$199.2)	\$709.0
Student Loan Operating Fund	\$84.7	(\$84.7)	\$0.0	\$60.0	\$60.0
Federal Trust Fund	\$14.7	\$0.0	\$14.7	\$0.0	\$14.7
Reimbursement	\$818.2	\$0.0	\$818.2	\$139.2	\$957.4

\*The 2012-13 Budget includes a \$61 million increase in Cal Grant funding assumed in the Governor's Proposed 2013-14 Budget.

**CALIFORNIA STUDENT AID COMMISSION  
2012-13 and 2013-14 STATE OPERATIONS BUDGET  
Governor's Proposed Budget  
(\$ in thousands)**

	2012-13		2013-14	
	Budget		Proposed Budget	Adjustments <sup>1/</sup>
<b>Operations Budget</b>				
Personal Services	\$ 9,144	\$	9,485	\$ 341
Operating Expenses	\$ 2,497	\$	1,750	\$ (747)
<b>TOTAL</b>	<b>\$ 11,641</b>	<b>\$</b>	<b>11,235</b>	<b>\$ (406)</b>
<b>Funding Sources:</b>				
General Fund	\$ 10,665	\$	10,476	\$ (189)
Student Loan Operating Fund	\$ 216	\$	-	\$ (216)
Federal Trust Fund	\$ 259	\$	258	\$ (1)
Reimbursements	\$ 501	\$	501	\$ -
<b>TOTAL</b>	<b>\$ 11,641</b>	<b>\$</b>	<b>11,235</b>	<b>\$ (406)</b>

	2012-13		2013-14	
	Budget		Proposed Budget	Adjustments <sup>1/</sup>
<b>Position Authority</b>				
Permanent	107.5		105.5	-2.0
Temporary Help	2.2		2.2	0.0
<b>TOTAL</b>	<b>109.7</b>		<b>107.7</b>	<b>-2.0</b>

<sup>1/</sup> Major Adjustments	Description
Personal Services	Increase in salaries due to the end of furloughs
Operating Expenses	Decrease of one-time Dream Act application implementation funding and elimination of limited term positions
Funding Sources	Remaining SLOF funds will be expended in 2012-13
Permanent Position Authority	Elimination of limited term positions



**Cal Grant Program  
Restoration of Award Amounts in Budget Year 2013-14  
Estimated Students Affected and Additional Cost**

Option	Description	Budget Year 2013-14	
		Estimated Students Affected	Estimated Additional Cost
<b>Restore the Cal Grant A and B maximum award at private, non-profit institutions</b>			
1.	For new recipients ⇒ from \$9,084 to \$9,223	8,845	\$1.0 million
2.	⇒ from \$9,084 to \$9,708	8,845	\$4.7 million
	For renewal recipients ⇒ from \$9,223 to \$9,708	17,885	\$8.3 million
<b>Restore the Cal Grant A and B maximum award at private, for-profit institutions</b>			
1.	For new recipients ⇒ from \$4,000 to \$9,223	4,485	\$14.9 million
2.	⇒ from \$4,000 to \$9,708	4,485	\$16.3 million
	For renewal recipients ⇒ from \$9,223 to \$9,708	4,590	\$2.0 million
<b>Restore the Cal Grant B access award at all institutions</b>			
	For new and renewal recipients ⇒ from \$1,473 to \$1,551	177,655	\$12.1 million
<b>Restore the Cal Grant C tuition and fee award at all institutions</b>			
	For new and renewal recipients ⇒ from \$2,462 to \$2,592	2,575	\$0.2 million
<b>Restore the Cal Grant C book and supply award at all institutions</b>			
	For new and renewal recipients ⇒ from \$547 to \$576	7,900	\$0.1 million

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## 6.c Information/Action Item

### *California Student Aid Commission*

Review of the Competitive Cal Grant program to consider ways more effectively to fill all of the 22,500 authorized awards

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There are different types of Cal Grant awards offered to low-income students. To receive a Cal Grant, a student must be a California resident upon graduating from high school, be a U.S. Citizen, legal resident or meet AB 540 requirements, file a FAFSA or California Dream Act Application, be enrolled in a Cal Grant participating institution at least part-time, meet minimum Grade Point Average (GPA) requirements, and have financial need based on college costs.

The Cal Grant programs provide awards to financially needy and academically eligible students and include:

1. Cal Grant A & B entitlement programs for graduating high school seniors and recent graduates.
2. Cal Grant A & B competitive programs for students who begin college more than eighteen months after graduating from high school.
3. Cal Grant C for students attending occupational or vocational programs of at least four months in duration.

The Entitlement Cal Grant program offers unlimited awards to all applicants who meet the eligibility requirements. The Competitive program is limited to 22,500 annual awards and uses scoring criteria to rank applicants.

#### **Background**

On September 11, 2000, Governor Gray Davis signed Senate Bill 1644. This bill commencing with the 2001-02 academic year, established the Cal Grant A Entitlement Awards, Cal Grant B Entitlement Awards, Competitive Cal Grant A and B awards, California Community College Transfer Entitlement Awards, Cal Grant C Awards, and Cal Grant T awards. The enactment of this bill was to continue the state's historic commitment to provide educational opportunity by ensuring both student access to and selection of an institution of higher education for students with financial need, the long-term policy of the Ortiz-Parcheco-Poochigian-Vasconcellos Cal Grant Program.

Under SB 1644, first-year Cal Grant awards are to be granted to all applicants with demonstrated financial need, eligible grade point averages, and who meet other prescribed criteria.

The California Student Aid Commission (Commission), on or before February 1, 2001, was to establish selection criteria for Cal Grant A and B awards under the competitive program that gave special consideration to disadvantaged students, taking into

consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper a student's access to, and ability to persist in, postsecondary education programs.

Currently, statute allows for a total of 22,500 Competitive Cal Grant A and B awards annually (CEC 69437(b)). If any awards are not distributed, statute permits the Commission to make additional awards, as practical, without exceeding an annual cumulative total of 22,500.

The Commission has annually received more applicants than awards are available. Due to the demand for the Competitive Cal Grant awards, selection criteria are used to provide grants to those students that best align with selection criteria.

### **Selection Process for Competitive Awards**

Upon submission of the completed application (FAFSA and GPA), each student's electronic file goes through "Edits", which screen the data against the eligibility requirements. Common edits evaluate the applicants for overall Cal Grant eligibility and identify the most likely program for which an applicant may be eligible to receive further evaluation, such as a Cal Grant A or Cal Grant B, and include:

- Eligible school.
- Grade Point Average (at least 2.0 GPA for Cal Grant B and 3.0 high school GPA or 2.4 college GPA for Cal Grant A).
- Remaining eligibility for the program (has not used four years of Cal Grant benefits).

Financial Edits determine if students meet the income and asset standards, and are reviewed to determine whether they have sufficient financial need. Financial edits include:

- Income Ceilings – established and adjusted annually using the change in the California per capita income as specified in California Education Code Section 69432.7(k). Parental income is used for dependent applicants and student income is used for independent students.
- Asset Ceilings – established and adjusted annually using the change in the California per capita income as specified in California Education Code Section 69432.7(k). Parental assets are used for dependent applicants and students assets are used for independent students.
- Financial Need – California Education Code Section 69432.9(b)(2) defines financial need as the difference between the student's cost of attendance as determined by the Commission and the "expected family contribution".
- Unmet Need – California Education Code Section 69432.9(b)(3)(A), specifies the minimum financial need required for receipt of an initial Cal Grant A or Cal Grant C award. It shall not be less than the maximum annual award value for the applicable institution, plus an additional \$1,500 of financial need. California Education Code Section 69432.9(b)(3)(B) sets the minimum financial need required for a Cal Grant B award at \$700.

Applicants identified as eligible for an Entitlement Cal Grant are offered an award through the criteria identified above. The remaining applicants who do not meet the Entitlement Cal Grant requirements are then considered for the Competitive award cycle. These applicants are identified and moved into the scoring phase for the March 2 Competitive award cycle. The Commission currently uses a 200-point scoring system to evaluate applications for the Competitive Cal Grant awards.

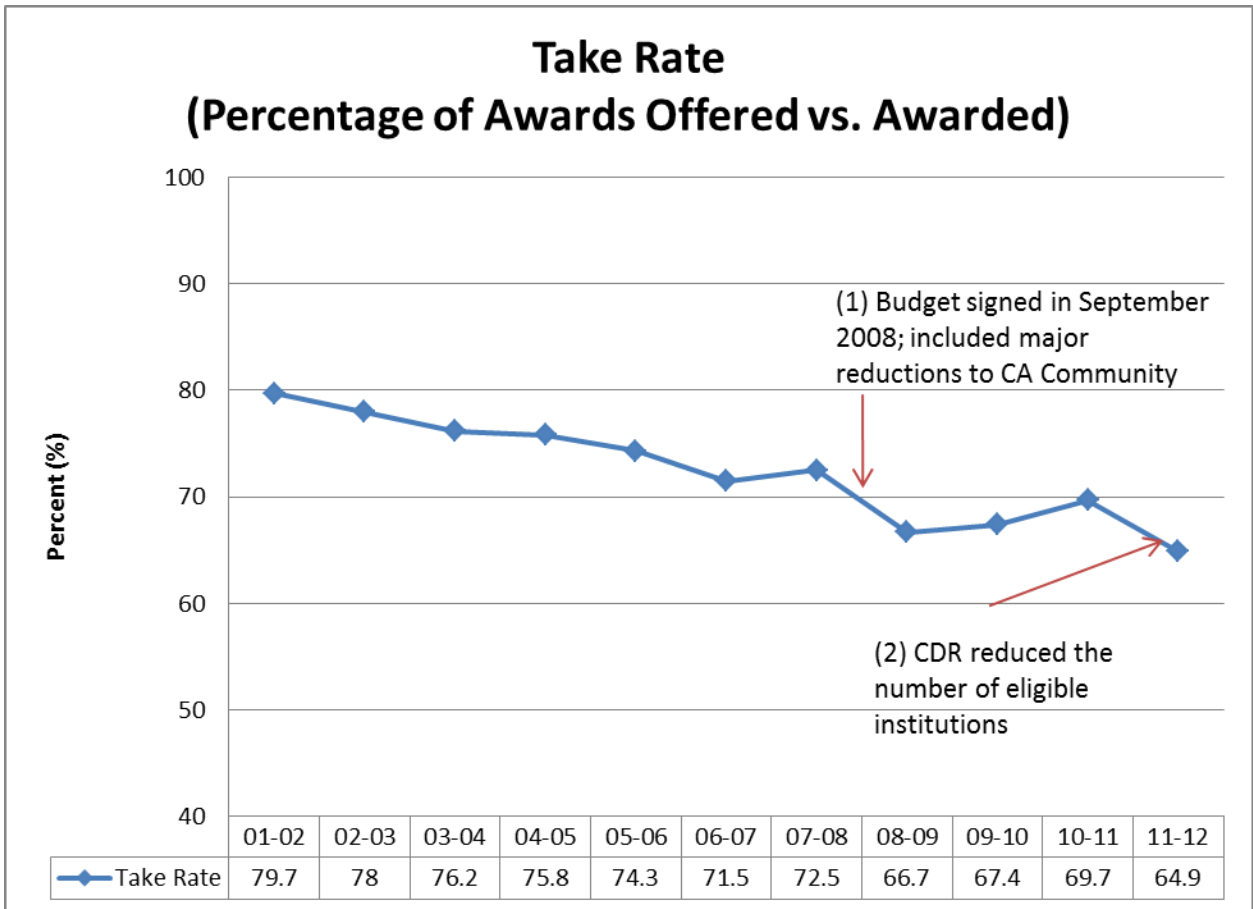
The maximum points for the scoring are displayed in the following table.

<b>Scoring Categories</b>	<b>Maximum Points</b>
Family Income and Household Size	76
Grade Point Average (GPA)	70
Access Equalizer	18
Parents' Education Level (Mother and Father)	18
Student or Parent Household Status	18
<b>Total Points</b>	<b>200</b>

Cutoff scores are established to determine which cohorts of students will be issued an award. The number selected for the cutoff varies from year to year and is determined by an estimate, to get as close to the award amounts of 11,250 for each competition (March and September) as possible. The number of students in a cohort range between 1,000 and 2,000 applicants. Therefore, selecting the next cohort could increase the award offers significantly.

**Cal Grant Competitive Program Take Rates**

Since the implementation of SB 1644, the take rate for Competitive awards is shown in the graph below.

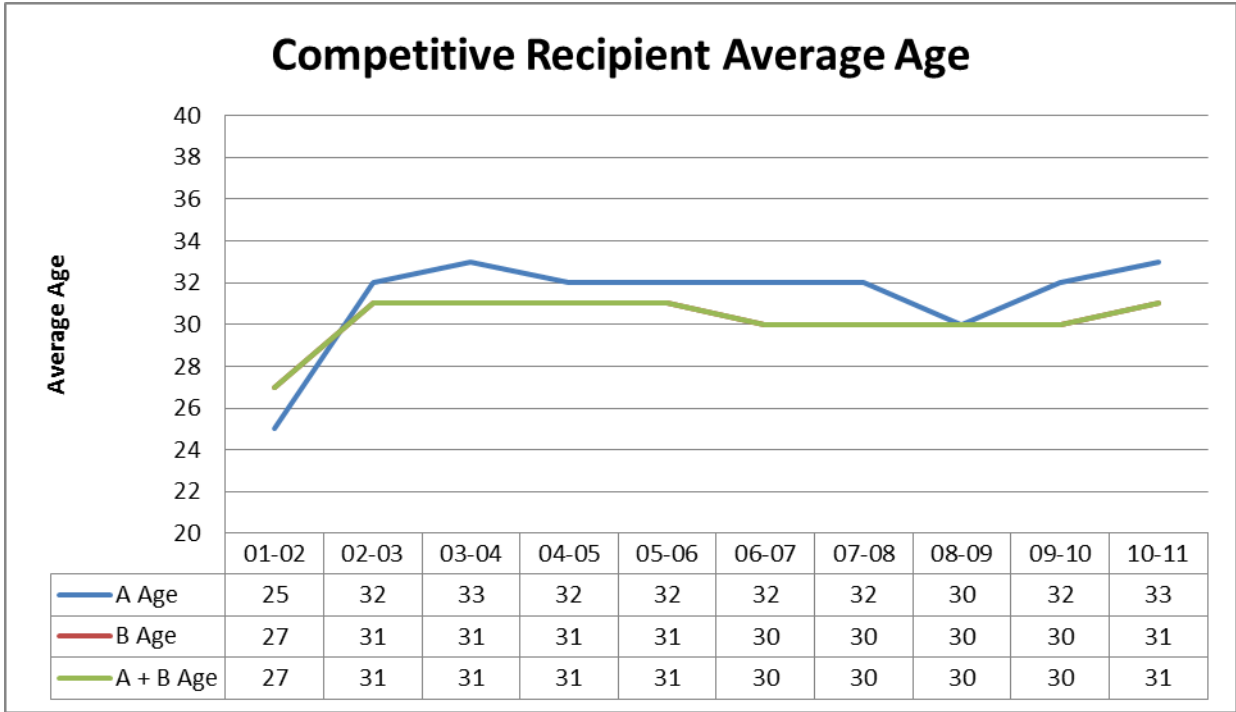


The “take rate” has seen a slight decrease year over year since inception. A couple of key external factors to take note of are indicated within the graphic.

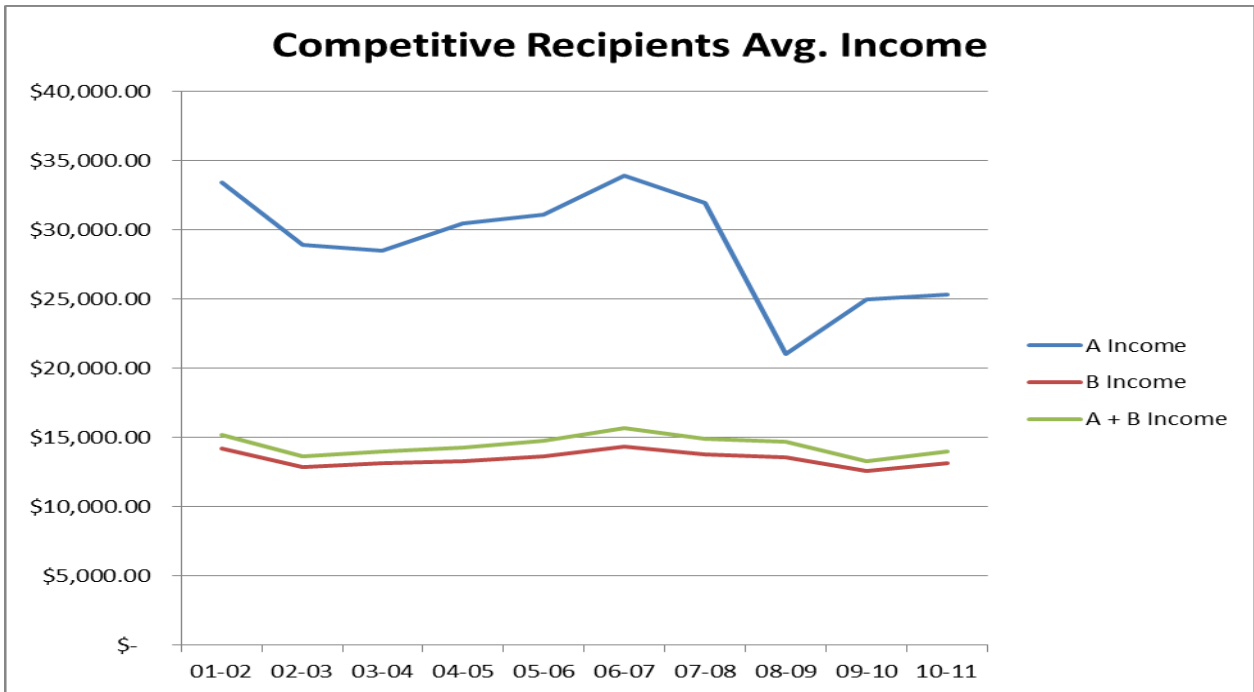
- (1) During 2008-09 academic year, the State Budget was not signed in until late September. This resulted in communications having to be sent to schools and students that may have impacted their decisions to attend for that period of time.
- (2) During the 2011-12 academic year, the implementation of Cohort Default Rates as eligibility requirements reduced the number of institutions eligible to participate in the Cal Grant Program. Half of the 22,500 Competitive awards are offered to community college students and with budgets cuts beginning in the 2008-09 fiscal year, students may have been impacted for various reasons.

### Student Demographics

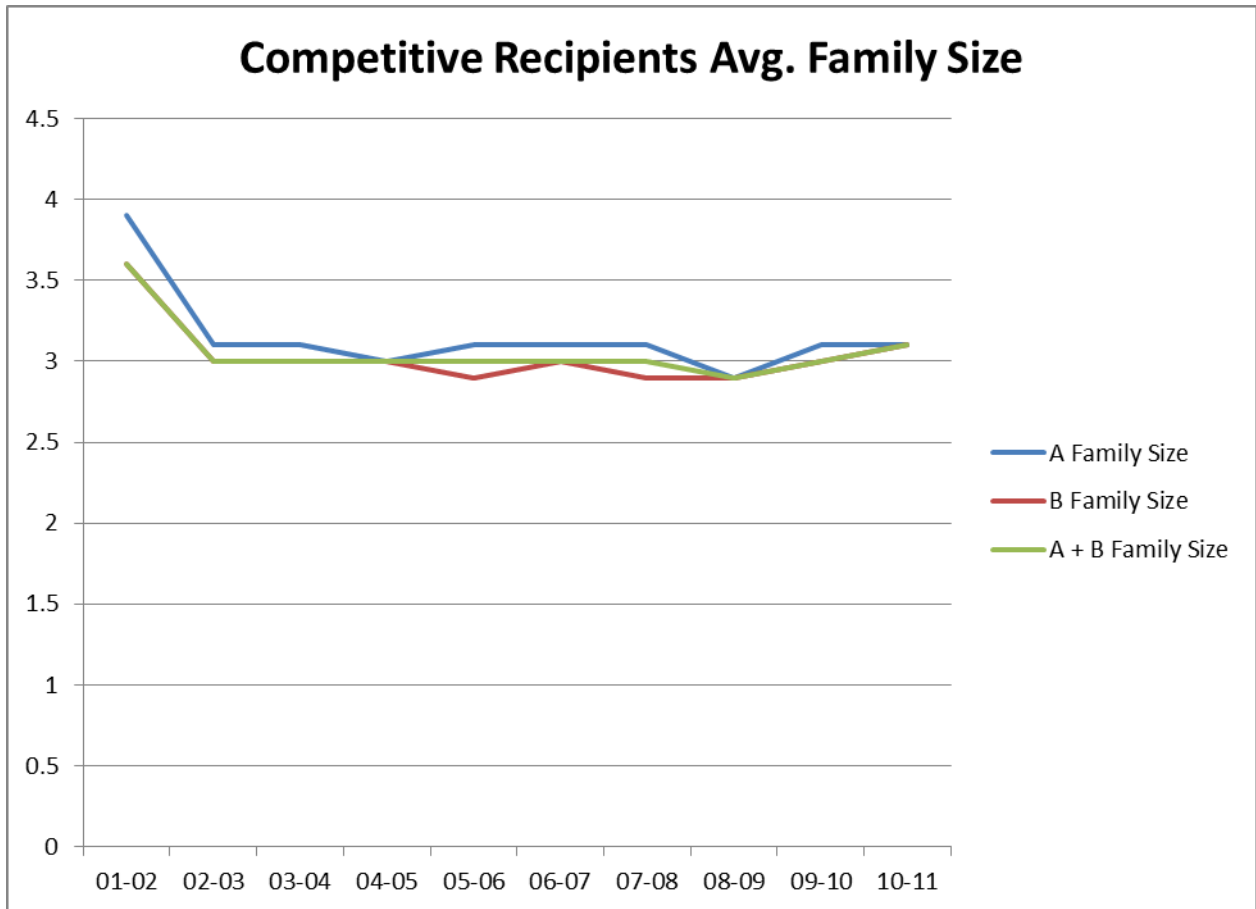
The demographics of the student population served by the Competitive Cal Grant A and B awards are that of “non-traditional” students. The demographics reviewed include age, income, and family size of Competitive Cal Grant A and B recipients.



The Average Age for a Competitive Award recipient is 30.2 years of age and has remained relatively consistent over the last 10 years.



The disparity between the Cal Grant A average income and the Cal Grant B average income is due to the eligibility criteria. The Competitive Cal Grant A awards income ceilings are significantly higher than that of the Competitive Cal Grant B award.



The average family size for the Competitive Cal Grant A and B recipients has been relatively constant at just slightly above three (excluding year 1, Academic Year 2001-02).

### Summary

Traditionally, Competitive Cal Grant A and B awards have been geared toward non-traditional students. Due to the population that is being served, there are a number of possibilities that could explain, or at a minimum, provide some statistical insight as to why students are either choosing, or unable to accept and/or receive their awards. In an effort to serve as many students as possible, the Commission makes more award offers than the available allocations. With a “take rate” hovering around 70%, historical evidence might suggest this can be safely done to maximize award amounts.

It is worth noting, that while this percentage holds true, it may be argued that the Commission can still make more award payments. Operating with a 70% “take rate”, means that 6,750 awards have not been utilized annually in the past. However, despite the historical “take rate,” the Commission is at risk of having an abnormal number of awards accepted by students in any particular year. The law limits the Commission to making award payments to 22,500 recipients each year. Increasing the award offers to approach a 90% “take rate”, at the current level of awards offered, could lead the Commission to exceed statutory limits on awards.

The State Budget Act of 2012 creates another factor to consider. Control language was added requiring the Commission to obtain approval from the Director of Finance for any policy or practice change which has an annualized fiscal effect exceeding \$5,000,000. The circumstances under which the Department of Finance would exercise its authority have not yet been specified or determined.

***Responsible Person(s):*** Catalina Mistler, Chief  
Program Administration & Services Division



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## 6.d Information/Action Item

### *California Student Aid Commission*

#### Consideration of recommendations for revisions to the Bagley-Keene Open Meeting Act

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By letter dated November 14, 2012, former Chair Barry Keene asked Senate President Pro Tempore Darrel Steinberg to establish a working group to develop recommendations to update the Bagley-Keene Open Meeting Act to account for changes in societal interaction created by electronic media. (See Tab 6.d.1.)

The Commission referred this matter to the Committee to discuss possible changes to the Open Meeting Act they may want to recommend to the Legislature.

The Open Meeting Act establishes rules for meetings of state bodies, including the Commission.

The Attorney General's Office describes the Open Meeting Act as the product of the Legislature's decision that the public must have a place at the table when a state body sits down to discuss and decide its issues.

By reserving this place for the public, the Legislature has provided the public with the ability to monitor and participate in the decision-making process. If the body were permitted to meet in secret, the public's role in the decision-making process would be negated.<sup>1</sup>

Open Meeting Act requirements that may be perceived to be inefficient are directly related to the need for the public to have access to the state body's discussions and consensus building.<sup>2</sup> Thus, changes to the Open Meeting Act that may avoid inefficiency, will need to be balanced against the public's right to access.

One such "inefficiency" arises from the Open Meeting Act requirements for a teleconference meeting. The state body must issue a notice of the meeting and list the location from which each member of the state body will be physically present.<sup>3</sup> Each location must be accessible to the public, the public must be able to hear the meeting at each location, and the public must be able to address the state body from each location.<sup>4</sup>

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<sup>1</sup> California Attorney General's Office, [A Handy Guide to The Bagley-Keene Open Meeting Act 2004 \(2004\)](#) [["Handy Guide"](#)], p. 2.

<sup>2</sup> See [Handy Guide](#), pp. 2-3.

<sup>3</sup> Govt. Code, §§11125(a), 11123(b)(1)(C),(B), and (F).

<sup>4</sup> Govt. Code, §11123(a).

This prevents members of state bodies from participating from a location other than that listed on the meeting notice. For example, they cannot participate from their cars using a car phone.<sup>5</sup> They cannot use cell phones unless on speaker. If they participate from their homes, they must open their homes up to the public and must use a speaker-phone.

With the advent of audio and video streaming of meetings of state bodies over the internet, however, it can be argued that the public need for access to each location has been alleviated. All the public proceedings of the state body, not otherwise exempted or excepted from the Open Meeting Act, would be available from any computer connected to the internet. The public, however, can counter that eliminating the opportunity to observe each member of the state body as they participate in a teleconference meeting erodes public access. For example, several members who are participating in the teleconference from the same location could mute their phone or go to another room, have extensive off-record discussions among themselves, then unmute the phone, or return from the other room, and continue with their on-record participation. The chance that the public may attend a teleconference from any location could be characterized as a preventive measure to discourage deliberate evasion of the Open Meeting Act.

Staff will be available to answer questions during discussion of this agenda item.

***Responsible Person(s):*** Keri Tippins  
General Counsel

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<sup>5</sup> See Handy Guide, p. 7.



STATE OF CALIFORNIA

## CALIFORNIA STUDENT AID COMMISSION

Cris Arzate  
Ana Beltran  
Terri Bishop  
Brian Conley  
Jacqueline Doud

Barry Keene, Chair  
Nancy Anton, Vice Chair  
Hal Geiogue  
Johnny Garcia Vasquez  
Alexander Gonzalez

Harry Le Grande  
John R. McDowell, Jr.  
Jamillah Moore  
Ishan Shah  
Michele Siqueiros

Diana Fuentes-Michel, Executive Director

November 14, 2012

The Honorable Darrell Steinberg  
Senate President pro Tempore  
California State Senate  
State Capitol, Room 205  
Sacramento, CA 95814

Dear Pro Tem Steinberg,

I am writing to you in three capacities: as Chair of the California Student Aid Commission, as the Senate appointee to the California Student Aid Commission and as a former State Senator, specifically as one of the co-authors of the Bagley-Keene Open Meeting Act (Government Code Section 11120-11132). I believe the Bagley-Keene Open Meeting Act is sorely in need of updating.

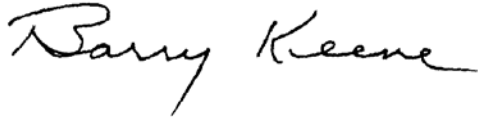
Established in 1967, this act requires open meetings for California State boards and commissions. Generally, it requires these bodies to publicly notice their meetings, prepare agendas, accept public testimony and conduct meetings in public unless a specific exemption of the act permits a topic to be discussed in closed session.

When established over 40 years ago, this act did not and could not factor in many of the electronic and technological options available and widely used today to communicate (e.g. email, SKYPE, Facebook, Twitter, and Blackboard to name a few). As a result, it is my impression that this act, rather than furthering open communication, may now have the unintended effect of actually limiting it. For example, use of email is severely restricted and other methods of written electronic communication are not available. I have had discussions with members of local governing boards and their staff who identify similar constraints. On the Attorney General's own website it acknowledges that the act creates unnatural communication patterns and hampers efficiency.

Therefore, I am requesting that you consider convening a working group of your relevant staff to explore this issue and, if appropriate, to develop recommendations for updating my namesake act in ways that would both allow for the use of electronic medium by boards and commissions and, at the same time, continue to provide and possibly even enhance public participation with such agencies. I, and several other Student Aid Commission members, specifically

Commissioner Nancy Anton, one of your former staff members, would be happy to assist you and your staff in any such endeavor.

Sincerely,

A handwritten signature in black ink that reads "Barry Keene". The signature is written in a cursive, flowing style.

Senator Barry Keene (Ret.)  
Chair

CC: Commissioners of the California Student Aid Commission  
Mr. Mufaddal Ezzy, Policy Consultant, Senate Pro Tem Darrell Steinberg's Office