

ITEM 13
FINAL STAFF ANALYSIS
PROPOSED STATEWIDE COST ESTIMATE
\$60,074

Education Code Section 69432.9, Subdivision (b)(3)(C)

Statutes 2000, Chapter 403 (SB 1644)

California Code of Regulations, Title 5, Sections 30007, 30023,
Subdivisions (a) and (d), and 30026

Cal Grants
02-TC-28

Long Beach Community College District, Claimant

STAFF ANALYSIS

Background and Summary of the Mandate

This program involves the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, which was enacted by the Legislature in 2000 to address Cal Grant awards to students beginning in the 2001-2002 academic year. The Cal Grant program provides funding for California residents based on financial need and academic merit for public or private postsecondary education.

The Commission on State Mandates (Commission) adopted a Statement of Decision concluding that Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivisions (a) and (d), and 30026 of the Student Aid Commission's regulations, constitute a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

The claimant filed the test claim on June 13, 2003. The Commission adopted the Statement of Decision on March 27, 2009, and the parameters and guidelines on January 29, 2010.¹ Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by August 3, 2010, and late claims by August 3, 2011.

Eligible Claimants and Period of Reimbursement

Community college districts are eligible claimants. The reimbursement period for this new mandate begins July 1, 2001.

Reimbursable Activities

The Commission approved the following activities for reimbursement:

- Calculating a college or community college grade point average pursuant to the instructions in California Code of Regulations, title 5, section 30007. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007, 30023, subd. (a), and 30026.)
- Certifying under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee. (Ed. Code, § 69432.9,

¹ Exhibit A.

subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007 and 30026.)

- Completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct. (Cal. Code Regs., tit. 5, § 30023, subd. (d).)

These activities apply to community colleges only when: (1) a community college student applies for a Cal Grant Transfer Entitlement award for use at a four year college; (2) a community college student competes for a Competitive Cal Grant A to be held in reserve until the student attends a four year college; or (3) a community college student competes for a Competitive Cal Grant B award, which can be used at the community college.

Offsetting Revenue Provisions

Any community college that uses the revenue from the appropriation in line item 6870-101-0001 of any Budget Act for the activities of calculating and certifying a grade point average and completing and correcting a grade point average pursuant to the Ortiz-Pacheco-Poohigian-Vasconcellos Cal Grant Program must deduct that amount from the costs claimed.

Statewide Cost Estimate

Staff reviewed the claims data submitted by three community college districts, and compiled by the SCO. The actual claims data showed that 12 claims were filed for fiscal years 2001-2002, 2002-2003, 2003-2004, and 2005-2006 for a total of \$60,074.² Based on this data, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program.

Assumptions

1. *The actual amount claimed for reimbursement may increase if late or amended claims are filed.*

There are 72 community college districts in California. Of those, only three filed reimbursement claims for this program between 2001 and 2006. If other eligible claimants file late or amended claims, the amount of reimbursement claims may exceed the statewide cost estimate. Late claims for this program may be filed until August 3, 2011.

2. *However, it is probable that additional claims will not be filed.*

Only three of the 72 community college districts filed reimbursement claims, and those districts only filed for four fiscal years. Claimant representatives indicate that because the Commission approved only a small portion of the program as reimbursable, and because claimants must offset budget appropriations from those claims, most community college districts are unable to meet the minimum \$1,000 threshold for filing claims.

3. *The total amount of reimbursement for this program may be lower than the statewide cost estimate, because the SCO may reduce any reimbursement claim for this program.*

The SCO may also conduct full field audits on this program, and reduce any claim it deems to be excessive or unreasonable.

Methodology

Fiscal Years 2001-2002, 2002-2003, 2003-2004, and 2005-2006

The proposed statewide cost estimate for the above-named fiscal years was developed by totaling the 12 reimbursement claims filed with the SCO for these years.

² Claims data reported as of January 14, 2011.

The proposed statewide cost estimate includes four fiscal years for a total of \$60,074 for the *Cal Grants* program. This averages to \$15,019 annually in costs for the state for this four-year period.

Following is a breakdown of estimated total costs per fiscal year:

Fiscal Year	Number of Community College District Claims Filed with SCO	Estimated Cost
2001-2002	3	\$12,848
2002-2003	3	\$18,850
2003-2004	3	\$16,297
2004-2005	0	\$0
2005-2006	3	\$12,079
TOTAL	12	\$60,074

Comments on the Draft Staff Analysis and Proposed Statewide Cost Estimate

On February 8, 2011, Commission staff issued the draft staff analysis and proposed statewide cost estimate for comment.³ No comments were filed.

Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate of **\$60,074** for costs incurred in complying with the *Cal Grants* program.

³ Exhibit B.