

ITEM _____
TEST CLAIM
DRAFT STAFF ANALYSIS

Education Code Sections 69432.8, 69432.9, 69433, 69433.5, 69433.6, 69433.7, 69434, 69434.5, 69435, 69435.3, 69436, 69436.5, 69437, 69437.3, 69437.6, 69439, 69440, and 69514.5

Statutes 2000, Chapter 403 (SB 1644)

Statutes 2001, Chapters 8 (SB 176) and 159 (SB 662)

California Code of Regulations, Title 5, Sections 30002, 30007, 30023, 30026, 30027 and 30032

Cal Grants
(02-TC-28)

Long Beach Community College District, Claimant

EXECUTIVE SUMMARY

Background

This test claim 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.

In order to complete the Cal Grant application process, the student applicant must submit to the Student Aid Commission the Free Application for Federal Student Aid (FAFSA) and a grade point average certified by a school official.

The intent of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program is to guarantee a Cal Grant to every California high school student graduating in 2001 or after, who meets the minimum grade point average and eligibility requirements, has financial need, and applies for the Cal Grant by March 2 of the academic year of high school graduation, or by March 2 of the year following graduation. The guarantee also extends to California community college students transferring to a four-year college, who graduated from a California high school after June 2000, were California residents when they graduated, and who meet the Cal Grant requirements when they transfer to a four-year college.

Other students who are eligible for a Cal Grant, but are not high school seniors or recent graduates may compete for Cal Grant A or B Competitive awards. These awards are the same as the Cal Grant Entitlement awards except that they are not guaranteed. A limited number of Competitive awards are available (22,500 awards). Half of the Competitive awards are set aside for students who apply by the March 2 deadline and meet the requirements, and half are for California community college students who meet the requirements and apply by September 2.

The claimant, Long Beach Community College District, contends that the test claim statutes and regulations adopted by the California Student Aid Commission result in a reimbursable state-mandated program for community college districts.

The California Student Aid Commission disputes the test claim allegations and states that "participation by a postsecondary institution is voluntary."

Conclusion

Staff concludes that the following activities required by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program in 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:

- 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, 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).)

Staff further concludes that all other statutes and regulations pled in this test claim do not mandate a new program or higher level of service and, thus, are not reimbursable.

Staff Recommendation

Staff recommends the Commission adopt this staff analysis to partially approve this test claim.

STAFF ANALYSIS

Claimant

Long Beach Community College District

Chronology

06/13/03 Claimant files the test claim with the Commission on State Mandates (Commission)

06/27/03 Commission staff issues the completeness review letter and requests comments from state agencies

07/25/03 Department of Finance (DOF) requests an extension of time for filing comments for at least 45 days

07/30/03 Commission staff grants an extension to September 11, 2003

08/21/03 California Community Colleges Chancellor's Office (Chancellor's Office) requests an extension of time for comments

08/28/03 Commission staff grants the extension of time to October 11, 2003

09/10/03 Commission staff issues a request for comments on the test claim from the California Student Aid Commission, due by October 10, 2003

09/11/03 DOF requests an additional extension of time to file comments

09/17/03 Commission staff grants the extension of time until October 14, 2003

10/10/03 Chancellor's Office requests an extension of time for comments

10/15/03 California Student Aid Commission files initial comments on the test claim

10/17/03 Commission staff grants an extension of time to the Chancellor's Office to December 15, 2003

10/31/03 DOF requests an extension of time to file initial comments

11/07/03 Commission staff grants an extension of time to DOF until February 7, 2004

02/18/04 DOF requests an extension of time to file initial comments

02/18/04 Commission staff grants the extension of time to May 18, 2004

06/10/04 DOF requests a 90-day extension of time to file initial comments

06/14/04 Commission staff grants the extension of time to August 9, 2004

09/09/04 DOF requests a 90-day extension of time to file initial comments

09/14/04 Commission staff grants the extension of time to December 9, 2004

12/24/04 DOF requests a 90-day extension of time to file initial comments

12/28/04 Commission staff grants the extension of time to March 9, 2005

03/15/05 DOF requests an extension of time to file initial comments

03/17/05 Commission staff grants the extension of time to June 9, 2005

09/21/05 DOF requests an extension of time to file initial comments

10/03/05 Commission staff grants the extension of time to December 1, 2005

02/03/06 DOF requests an extension of time to file initial comments

02/07/06 Commission staff grants the extension of time to April 3, 2006

11/26/07 Claimant submits a supplement to the test claim filing, with a history of the claimed regulations

02/06/08 Commission staff issues a request for initial comments on the test claim from the Chancellor's Office and DOF, due by February 27, 2008

03/07/08 Commission staff issues a request for additional information from the California Student Aid Commission, due by March 21, 2008

11/21/08 Commission staff issues the draft staff analysis on the test claim

Background

The June 13, 2003 test claim filed by Long Beach Community College District alleges that community college districts have incurred costs mandated by the state, due to the enactment of eighteen Education Code sections by Statutes 2000, chapter 403, and later amendment by Statutes 2001, chapters 8 and 159. The test claim filing also alleges six title 5 regulations, issued by the California Student Aid Commission or its predecessor agency, the State Scholarship Commission.

Existing Law

Since 1977, the Cal Grant program, implemented through Education Code sections 69530 et seq. and the California Code of Regulations, title 5, sections 30000 et seq. (regulations adopted by the California Student Aid Commission), has provided grants to financially needy students to attend college.¹ Education Code sections 69530 et seq., has a projected sunset date of January 1, 2010, and applies only to students receiving a Cal Grant award on or before December 31, 2000, before the period of reimbursement for this claim.

Under this existing law, four types of Cal Grant awards were available: Cal Grants A, B, C and T, with the maximum award in each category determined in the annual Budget Act. The Cal Grant A award was based on financial need and academic merit, and was available only for tuition and fees. Since community colleges do not charge tuition, the student awarded a Cal Grant A award who enrolled in a community college could elect to have the award held in trust by the Student Aid Commission for two academic years until the student transferred to a four-year college or university. (Ed. Code, § 69537.) The Cal Grant B award provided a living allowance, or "subsistence cost," and sometimes tuition and fees for very low income, disadvantaged students. (Ed. Code, § 69538.) Except for certain five-year educational programs, Cal Grant A and B awards could be renewed by the student for a total of four years of full-time attendance in an undergraduate program, provided that financial need of the student continued to exist. The total number of years of eligibility was based on the student's

¹ Statutes 1976, chapter 1010, operative April 30, 1977, derived from former Education Code section 40400 (added by Stats. 1975, ch. 1270).

educational level, which was designated by the institution of attendance when the student initially received payment for a grant. (Ed. Code, § 69535.1, subd. (a).)

Cal Grant C provided tuition and fee grants, and funds for supplies to students training for vocational careers. (Ed. Code, § 69539.) As of the year 2000, the Cal Grant C program served approximately 3,700 students annually, primarily in community colleges.² Cal Grant T provided one year grants to students in teacher credential training programs at institutions approved by the Commission on Teacher Credentialing. (Ed. Code, § 69540.)

An eligible applicant for a Cal Grant award is defined in section 30002 of the Student Aid Commission's regulations as any person who has successfully met the requirements of the Education Code and submitted in proper form and prior to established deadlines the applications, supplements and transcripts of academic record, and financial and other information to the Student Aid Commission. (See also, Cal. Code Regs., tit. 5, § 30020.)³ To ensure that funds are available to the recipient of a Cal Grant award at the time the student enrolls, the Student Aid Commission was authorized to make an advance payment per term to "authorized postsecondary educational institutions" for eligible students who have indicated they were attending those institutions. Each "authorized" institution was required to disburse the funds in accordance with the provisions set forth in the "Institutional Agreement" between the Student Aid Commission and the institution. (Ed. Code, § 69535.5.)⁴ Refunds of unused award funds previously paid to a school or college were required to be based on the published regulations of the school or college concerned, as certified to the Student Aid Commission by the school or college. (Cal. Code Regs., tit. 5, § 30032.) In addition, the Student Aid Commission was authorized to provide for reports, accounting, and statements from the award winner and college or university of attendance pertaining to the use of the award. (Ed. Code, § 69535, subd. (j).)

Test Claim Statutes and Regulations

Statutes 2000, chapter 403⁵ created the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, by adding chapter 1.7 to Part 42 of the Education Code, beginning with Education Code section 69430. This Cal Grant program is intended to replace the program established in Education Code sections 69530, et seq., and applies to students receiving Cal Grant awards beginning in the 2001-2002 academic year. The intent of the program is to guarantee a Cal Grant to every California high school student graduating in 2001 or after, who meets the minimum grade point average and eligibility requirements, has financial need, and applies for the Cal Grant by March 2 of the academic year of high school graduation, or by March 2 of the year following graduation.⁶ The guarantee also extends to California community college students

² Senate Third Reading, Senate Bill 1644 as amended August 24, 2000, 1999-2000 Legislative session. (Ex. ____.)

³ The regulations cited in this section of the Background were first adopted by the Student Aid Commission in 1977 (Register 77, No. 24).

⁴ See, the Cal Grant Program Institutional Participation Agreement for 2008-09 and "Basics of the Institutional Participation Agreement Process for 2007-08 and 2008-09." (Ex. ____.)

⁵ Urgency legislation operative September 12, 2000.

⁶ Statutes 2000, chapter 403 (SB 1644), section 2; see also, Student Aid Commission's publication entitled "Cal Grants." (Ex. ____.)

transferring to a four-year college, who graduated from a California high school after June 2000, were California residents when they graduated, and who meet the Cal Grant requirements when they transfer to a four-year college. These grants are called "Entitlement" grants and consist of the following:

- Cal Grant A Entitlement awards cover tuition and fees at "qualifying" four-year colleges. Every high school senior graduating in 2001 or after who has at least a 3.0 high school grade point average, meets all the Cal Grant requirements, is a California resident at the time of graduation, and applies by March 2 either the year of graduation or the following year is guaranteed a Cal Grant award. (Ed. Code, § 69434.) A Cal Grant A recipient attending a California community college will not receive any payment, however, because community colleges do not charge tuition. Cal Grant eligible students attending a community college qualify for a Board of Governors fee waiver instead. The Cal Grant A award is held in reserve by the Student Aid Commission for two years (or three years upon request) for use when the student transfers to a tuition charging four-year qualifying institution. (Ed. Code, § 69434.5.)
- Cal Grant B Entitlement awards are for students from disadvantaged or low-income families and generally cover "access costs" such as living expenses, books, supplies, and transportation expenses in the amount of \$1,551 in the first academic year. In subsequent years, the award includes an additional amount to pay for tuition and fees. Every graduating high school senior who has at least a 2.0 high school grade point average, meets all the Cal Grant requirements, is a California resident at the time of graduation, and applies by March 2 either the year of graduation or the following year is guaranteed a Cal Grant B entitlement award. A limited number of first-year students who have exceptional financial need and a high grade point average may receive both the living allowance and the tuition and fee award. (Ed. Code, §§ 69435, 69435.3; Cal. Code Regs., tit. 5, § 30024.)
- Cal Grant Transfer Entitlement awards are for community college students transferring to a four-year college and did not receive a Cal Grant within one year of graduating from high school. To qualify, students must have graduated from a California high school after June 30, 2000, and be a California resident when they graduated. Students must also have a 2.4 community college grade point average (of at least 24 semester units or the equivalent), meet the Cal Grant eligibility requirements, be under 24 years old, and apply by the March 2 deadline before the fall term when they plan to transfer. (Ed. Code, §§ 69436, 69436.5.)

Other students who are eligible for a Cal Grant, but are not high school seniors or recent graduates may compete for Cal Grant A or B Competitive awards. These awards are the same as the Cal Grant Entitlement awards except that they are not guaranteed. A limited number of Competitive awards are available (22,500 awards). Half of the Competitive awards are set aside for students who apply by the March 2 deadline and meet the requirements, and half are for California community college students who meet the requirements and apply by September 2. The eligibility requirements for the Competitive awards are focused on the nontraditional students and take into account grade point average, time out of high school, family income, parent's educational levels, high school performance standards, whether the student comes from a single-parent household or was a foster youth. A student selected for a Cal Grant A Competitive award who enrolls in a California community college has the award for tuition held

in reserve until the student transfers to a four-year institution. (Ed. Code, §§ 69437 - 69437.7; Cal. Code Regs., tit. 5, § 30025.)

Except for certain five-year educational programs, Cal Grant A and B awards may be renewed for a total of the equivalent of four years of full-time attendance in an undergraduate program provided that financial need continues to exist. The total number of years of eligibility is based on the student's educational level, which is designated by the institution of attendance when the student initially receives payment for a grant. (Ed. Code, § 69433.6.)

The Cal Grant C and T awards for students in vocational training and teacher credential training are also included in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program. Except for a supplemental application for Cal Grant C applicants, which is described below, the Cal Grant C and T awards remain unchanged.⁷

To be eligible for a Cal Grant, a student is required to complete and submit a Free Application for Federal Student Aid (FAFSA) and a certified grade point average on or before the statutory deadline. (Ed. Code, §§ 69432.9, 69433; Cal. Code Regs., tit. 5, §§ 30007, 30008.) The FAFSA is mailed or electronically submitted to the U.S. Department of Education's central processor.

The central processor sends FAFSA records for California students to the Student Aid Commission. The grade point average is verified by the school (either high school or community college) and submitted by either the student or the school.⁸ Each report of grade point average is required to include a certification, executed under penalty of perjury, by a school official, that the grade point average reported is accurately reported. (Ed. Code, § 69432.9, subd. (c).) The Student Aid Commission may accept the submission of a grade point average from an applicant or reporting school after the statutory deadlines if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average. Such circumstances must be shown by a certification from the reporting school and the student applicant. In addition, applicants or officials who submit a timely but incomplete or incorrect grade point average shall have a grace period of ten days after the mailing of notice by the Student Aid Commission to file a corrected or completed grade point average. (Cal. Code Regs., tit. 5, § 30023.)

With respect to the Cal Grant C award for vocational training, the applicant receives a supplemental application to be completed that requires information about the student's "occupational talents."⁹ Section 30027 of the Student Aid Commission's regulations allows an application to establish "occupational talents" by submitting the applicant's work history and/or recommendation from teachers or persons working in the applicant's occupational or technical field.

A Cal Grant Program award may be utilized only at a qualifying institution. (Ed. Code, § 69433.5, subd. (i).) "Qualifying institutions" include public postsecondary educational institutions that complete a Cal Grant "Institutional Participation Agreement" for each

⁷ See also, Senate Third Reading, Senate Bill 1644 as amended August 24, 2000, 1999-2000 Legislative session, where the analysis states the following: "This bill does not affect the current configuration of the Cal Grant C and T programs." (Ex. ____.)

⁸ See also, Cal Grant Manual, chapter 4.1, "The Cal Grant Application Process." (Ex. ____.)

⁹ Cal Grant Manual, chapter 4.7, "Cal Grant C Supplement."

participating campus in the district. (Ed. Code, § 69432.7, subd. (l)(3).)¹⁰ To ensure that funds are available to the recipient of a Cal Grant award at the time the student enrolls, the Student Aid Commission is authorized to make an advance payment per term to “authorized postsecondary educational institutions” for eligible students who have indicated they are or will be attending those institutions. Each “authorized” institution is required to disburse the funds in accordance with the provisions set forth in the Institutional Participation Agreement between the Student Aid Commission and the institution. (Ed. Code, § 69432.8.) Before disbursing any Cal Grant funds, the qualifying institution “shall be obligated, under the terms of the Institutional Participation Agreement,” to resolve any conflicts that may exist in the data the institution possesses relating to the recipient student. (Ed. Code, § 69432.7, subd. (k).) In addition, the Student Aid Commission is authorized to provide for reports, accounting, and statements from the award winner and college or university of attendance pertaining to the use of the award. (Ed. Code, § 69433.5, subd. (h).)

Finally, Statutes 2000, chapter 403 added section 69514.5 to the Education Code, establishing the Community College Student Financial Aid Outreach Program. This program, which is required to be developed and administered by the Student Aid Commission, is to provide workshops regarding “financial aid opportunities available to community college students, with a particular focus on students who plan to transfer to a four-year college or university.”

The statutory and regulatory changes to the Cal Grant program, as alleged by the claimant, as well as the new Community College Student Financial Aid Outreach Program, will be analyzed below for the imposition of a reimbursable state-mandated program on community college districts.

Claimant's Position

Long Beach Community College District's June 13, 2003¹¹ test claim filing alleges that the test claim statutes and regulations require community colleges to enact and implement policies and procedures related to the Ortiz-Pacheco-Poohigian-Vasconcellos Cal Grant Program. The claimant further alleges that community colleges are newly required to:¹²

- enact and implement, and periodically update, policies and procedures to implement the Cal Grant program;
- provide official financial aid and award renewal applications, as well as Cal Grant award forms for each of the entitlement and competitive Cal Grant programs, and assist students who have questions regarding completion of any of the forms, pursuant to Education Code sections 69432.9, subdivision (a), 69433, subdivision (a), 69434, subdivision (b)(1), 69434.5, 69435, 69435.3, 69436, 69437, 69437.3, 69437.6, subdivision (f), 69439, and 69440;

¹⁰ Cal Grant Manual, chapter 2.1, “Institutional Eligibility.”

¹¹ The potential reimbursement period begins no earlier than July 1, 2001, based upon the filing date for this test claim. (Gov. Code, § 17557.)

¹² Test Claim Filing, pages 36-41.

- accept supplemental information and academic transcripts from applicants and submit them to the Student Aid Commission, pursuant to California Code of Regulations, title 5, sections 30002 and 30027;
- certify grade point averages upon student request and submit them to the Student Aid Commission, pursuant to Education Code section 69432.9, subdivision (c), and California Code of Regulations, title 5, sections 30007 and 30023;
- receive, account for, and disburse advance payments of Cal Grant funds from the Student Aid Commission, designate a student's educational level when the student first receives a grant payment, return unused awards, and produce accounting reports and other statements to the Student Aid Commission, as required by district agreement or regulation, pursuant to Education Code 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), 69436.5, and California Code of Regulations, title 5, section 30032;
- train community college counselors and student advisors who work with students planning to attend community college or transfer from a community college to a 4-year college or university on financial aid opportunities for such students, and subsequently conduct workshops for students and their families regarding financial aid, pursuant to Education Code section 69514.5.

The claimant acknowledges that “[f]unds may be available for financial aid and student outreach programs. To the extent these funds are appropriated and actually received specifically for the administration of the Cal Grant program, those funds would reduce the costs mandated.”¹³

State Agency's Position

The comments on the test claim filing from the California Student Aid Commission, received October 15, 2003, dispute the test claim allegations. The comments state that the test claim statutes impose requirements on the Student Aid Commission, but “participation by a postsecondary institution is voluntary.” The Student Aid Commission cites several parts of the Cal Grant program that “make it clear that participation by a postsecondary institution is voluntary; institutions electing to participate in the Cal Grant program do it to attract financially needy students to their institution while providing a financial benefit to students already in attendance and an incentive to remain at the institution.” The provisions in the Education Code cited by the Student Aid Commission in support of its contention are as follows:

- Education Code section 66021.2, subdivision (f), states that “An institution of higher education in this state that participates in the Ortiz-Pacheco-Poohigian-Vasconcellos Cal Grant Program shall not reduce its level of per capita need-based institutional financial aid to undergraduate students, excluding loans, below the total level awarded in the 2000-01 academic year.” The Student Aid Commission argues that this section “makes clear the policy that Cal Grant Awards supplement rather than replace existing institutional student aid. ‘Participates’ clearly connotes the voluntary nature of the program for institutions. Any institution which disagrees with the program parameters or requirements need not participate in the program, albeit to the detriment of its students.”

¹³ Test Claim Filing, page 43.

- Citing Education Code section 69432.8, the Student Aid Commission states that “[q]ualifying institutions do not automatically receive Cal Grant funds for students with awards attending their institution. They must enter into a contract (Institutional Participation Agreement or IPA) with the Commission before they receive any funds for their students. The IPA is an institutional agreement (entered into with the Commission) that they will comply with the statutory requirements of the program and maintain records for the Commission to audit for program compliance. Any institution not wishing to voluntarily participate in the Cal Grant program for its students will not sign an IPA. The Commission does not disburse funds to an institution that has not signed an IPA even though it is a ‘qualifying’ institution pursuant to statute and regulation. That institution has elected not to participate in the program even though it could participate.
- Education Code section 69432.7, subdivision (l), defines “qualifying institution.” The Student Aid Commission argues that “[t]he use of the word ‘qualifying’ is intentional and significant. It also demonstrates the voluntary nature of the Cal Grant program for institutions.”

In addition, the Student Aid Commission states that the community colleges receive funds for student aid administration, including a budget augmentation in 2003-04, with a minimum additional allocation of \$50,000 per campus (6870-101-0001) for outreach and support services for “potential and current financial aid applicants.”

To date, no substantive comments have been received from the Chancellor’s Office or the Department of Finance.

Discussion

The courts have found that article XIII B, section 6, of the California Constitution¹⁴ recognizes the state constitutional restrictions on the powers of local government to tax and spend.¹⁵ “Its purpose is to preclude the state from shifting financial responsibility for carrying out governmental functions to local agencies, which are ‘ill equipped’ to assume increased financial responsibilities because of the taxing and spending limitations that articles XIII A and XIII B impose.”¹⁶ A test claim statute or executive order may impose a reimbursable state-mandated program if it orders or commands a local agency or school district to engage in an activity or

¹⁴ Article XIII B, section 6, subdivision (a), provides: (a) Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse that local government for the costs of the program or increased level of service, except that the Legislature may, but need not, provide a subvention of funds for the following mandates: (1) Legislative mandates requested by the local agency affected. (2) Legislation defining a new crime or changing an existing definition of a crime. (3) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

¹⁵ *Department of Finance v. Commission on State Mandates (Kern High School Dist.)* (2003) 30 Cal.4th 727, 735.

¹⁶ *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81.

task.¹⁷ In addition, the required activity or task must be new, constituting a “new program,” or it must create a “higher level of service” over the previously required level of service.¹⁸

The courts have defined a “program” subject to article XIII B, section 6, of the California Constitution, as one that carries out the governmental function of providing public services, or a law that imposes unique requirements on local agencies or school districts to implement a state policy, but does not apply generally to all residents and entities in the state.¹⁹ To determine if the program is new or imposes a higher level of service, the test claim statutes and executive orders must be compared with the legal requirements in effect immediately before the enactment.²⁰ A “higher level of service” occurs when the new “requirements were intended to provide an enhanced service to the public.”²¹

Finally, the newly required activity or increased level of service must impose costs mandated by the state.²²

The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6.²³ In making its decisions, the Commission must strictly construe article XIII B, section 6, and not apply it as an “equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities.”²⁴

Issue 1: Do the test claim statutes and regulations implementing the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Ed. Code, § 69430 et seq.) mandate a new program or higher level of service on community college districts within the meaning of article XIII B, section 6 of the California Constitution?

¹⁷ *Long Beach Unified School Dist. v. State of California* (1990) 225 Cal.App.3d 155, 174.

¹⁸ *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 878, (*San Diego Unified School Dist.*); *Lucia Mar Unified School Dist. v. Honig* (1988) 44 Cal.3d 830, 835.

¹⁹ *San Diego Unified School Dist.*, *supra*, 33 Cal.4th 859, 874-875 (reaffirming the test set out in *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 56; see also *Lucia Mar*, *supra*, 44 Cal.3d 830, 835.)

²⁰ *San Diego Unified School Dist.*, *supra*, 33 Cal.4th 859, 878; *Lucia Mar*, *supra*, 44 Cal.3d 830, 835.

²¹ *San Diego Unified School Dist.*, *supra*, 33 Cal.4th 859, 878.

²² *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1265, 1284; Government Code sections 17514 and 17556.

²³ *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551 and 17552.

²⁴ *County of Sonoma*, *supra*, 84 Cal.App.4th 1265, 1280, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

A. Several test claim statutes and a regulation address requirements imposed on students and the Student Aid Commission, but do not mandate community college districts to perform any activities.

Article XIII B, section 6 of the California Constitution states that “whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds.” This constitutional provision was specifically intended to prevent the state from forcing programs on local government that require expenditure by local governments of their tax revenues.²⁵ To implement article XIII B, section 6, the Legislature enacted Government Code section 17500 et seq. Government Code section 17514 defines “costs mandated by the state” as “any increased costs which a local agency or school district is *required* to incur . . . as a result of any statute. . . which *mandates* a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.” (Emphasis added.)

Thus, in order for a statute to be subject to article XIII B, section 6 of the California Constitution, the statutory language must require a community college district to perform an activity or task. If the statutory language does not mandate community college districts to perform a task, then compliance with the test claim statute is within the discretion of the local agency and a reimbursable state mandated program does not exist.

There are several statutes and a regulation pled in this test claim that are helpful in understanding the Cal Grant program, but they do not impose any requirements on community college districts or address any activities performed by community college districts. The statutes and regulation are Education Code sections 69433²⁶, 69433.7²⁷, 69434²⁸, 69434.5²⁹, 69435³⁰, 69435.3³¹,

²⁵ *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487; *County of Los Angeles, supra*, 43 Cal.3d 46, 56; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1283-1284.

²⁶ Education Code section 69433 states that a Cal Grant award is based on the financial need of the applicant. The statute requires the Student Aid Commission to prescribe the use of a standardized student financial aid application for the Cal Grant program and allows the use of supplemental application information.

²⁷ Education Code section 69433.7 requires the Student Aid Commission to adopt regulations to implement the program.

²⁸ Education Code section 69434 describes the Cal Grant A Entitlement award and the eligibility requirements for the award.

²⁹ Education Code section 69434.5 authorizes a Cal Grant A recipient enrolled in a community college to reserve the award until the recipient transfers to a tuition charging institution. The grant is held in reserve by the Student Aid Commission.

³⁰ Education Code section 69435 describes the Cal Grant B Entitlement award.

³¹ Education Code section 69435.3 describes the eligibility criteria for a Cal Grant B Entitlement award.

69436³², 69436.5³³, 69437³⁴, 69437.3³⁵, 69439³⁶, 69440³⁷, and section 30002 of the Student Aid Commission's regulations.³⁸

Although the claimant alleges that these statutes and regulation require community college districts to provide official financial aid and award renewal applications, as well as Cal Grant award forms for each of the entitlement and competitive Cal Grant programs, and assist students who have questions regarding completion of any of the forms, these activities are not required by the plain language of the statutes or regulations pled in the claim. The primary form used for the Cal Grant application process is the Free Application for Federal Student Aid, or FAFSA, which is available to students through the U.S. Department of Education, as well as through the Student Aid Commission. Both the Student Aid Commission and the U.S. Department of Education maintain detailed websites and toll-free phone numbers to assist students with completing financial aid applications.³⁹ Awards are then made by the California Student Aid Commission, not by the colleges.

Accordingly, staff finds that Education Code sections 69433, 69433.7, 69434, 69434.5, 69435, 69435.3, 69436, 69436.5, 69437, 69437.3, 69439, 69440, and section 30002 of the Student Aid Commission's regulations do not mandate a new program or higher level of service on community college districts.

B. Calculation, certification, and submittal of grade point averages to the Student Aid Commission

In order to complete the Cal Grant application process, the Student Aid Commission must receive the Free Application for Federal Student Aid (FAFSA) and a certified grade point

³² Education Code section 69436 addresses the Cal Grant Transfer Entitlement award and the eligibility requirements for the award. The statute further requires to the Student Aid Commission to require the four-year institution where the student is transferring to verify that the recipient meets the requirements.

³³ Education Code section 69436.5 requires the four-year institution where students transfer and receive a Cal Grant Transfer Entitlement award to report to the Student Aid Commission the number of students determined to be independent.

³⁴ Education Code section 69437 describes the Cal Grant Competitive awards.

³⁵ Education Code section 69437.3 describes the application and enrollment requirements for the Cal Grant Competitive award.

³⁶ Education Code section 69439 describes the Cal Grant C award for occupational and technical training, and contains the same language as existing law in Education Code section 69539.

³⁷ Education Code section 69440 describes the Cal Grant T award for teacher credential training.

³⁸ Section 30002 of the Student Aid Commission's regulations describes an eligible applicant under the existing Cal Grant program in Education Code sections 69530 et seq. This regulation does not apply to the test claim statutes.

³⁹ See, Student Aid Commission's publication "Cal Grants", which refers to <<http://www.calgrants.org>> and <www.fafsa.ed.gov>.

average.⁴⁰ With respect to the grade point average, the claimant contends that Education Code section 69432.9, and sections 30007, 30023, and 30026 of the Student Aid Commission's regulations require community college districts to:

- Certify, under penalty of perjury, grade point averages upon student request and submit them to the Student Aid Commission.
- Submit facts to the Student Aid Commission showing circumstances beyond the control of the applicant when requesting leave to file the grade point averages after the statutory deadline.
- Resubmit corrected or completed grade point averages within ten days after notice from the Student Aid Commission that the district has submitted a timely, but incomplete or incorrect grade point average.
- Provide a grade point average computed pursuant to section 30007, subdivision (c), of the Student Aid Commission's regulations for at least 16 academic units when requested by a student seeking to reestablish his or her grade point average.

Grade point averages from a community college are addressed in two situations: (1) when a community college student applies for a Cal Grant Transfer Entitlement award, and (2) when a community college student competes for a Competitive Cal Grant A or B award.⁴¹ For a Cal Grant Transfer Entitlement award, the student must show that he or she has earned a community college grade point average of at least 2.4 on a 4.0 scale and is eligible to transfer to a qualifying institution that offers a baccalaureate degree.⁴² To compete for a Competitive Cal Grant A award, the student may submit a community college or college grade point average of at least 2.4 on a 4.0 scale, in lieu of submitting a high school grade point average.⁴³ To compete for a Competitive Cal Grant B award, a student may submit a reestablished or improved grade point average, instead of submitting a high school grade point average, by completing at least 16 cumulative units of credit for academic coursework at an accredited California community college, with at least a 2.0 community college grade point average.^{44, 45}

Calculating, certifying, and submitting the grade point average to the Student Aid Commission

Education Code section 69432.9, subdivision (b)(3)(C), requires the Student Aid Commission to "require that a grade point average be submitted for all Cal Grant A and B applicants"⁴⁶ Section 30023, subdivision (a), similarly states that "[a]ll Cal Grant A and B applicants shall submit a grade point average" Education Code section 69432.9, subdivision (b)(3)(C),

⁴⁰ Cal Grant Manual, chapter 4.1.

⁴¹ Cal Grant Manual, chapter 4.1.

⁴² Education Code section 69436, subdivision (b)(3).

⁴³ Education Code section 69437.6, subdivision (b).

⁴⁴ Education Code section 69437.6, subdivision (c).

⁴⁵ High school grade point averages are required for the Cal Grant A and B Entitlement awards. (Ed. Code, §§ 69434, 69435.3.)

⁴⁶ Statutes 2000, chapter 403.

further requires the Student Aid Commission to “require that each report of a grade point average include a certification, executed under penalty of perjury by a school official, that the grade point average reported is accurately reported. The certification shall include a statement that it is subject to review by the commission or its designee.”

Section 30007 of the Student Aid Commission’s regulations provides instructions on how to calculate a “college grade point average” and a “community college grade point average” when applying for a Cal Grant. Both the “college grade point average” and “community college grade point average” are defined in section 30007, subdivision (a)(1), as follows:

... a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree. A college grade point average or a community college grade point average must be computed for a minimum of 24 semester units or its equivalent regardless of the grade received.

The phrase “for all college work completed” includes all coursework for which grades are known to the official reporting the grade point average and that are accepted for credit at the school reporting the grade point average.⁴⁷

The definitions of “nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree” differ, however, for a college grade point average and a community college grade point average. For purposes of computing a college grade point average by a postsecondary institution that grants associate degrees, section 30007, subdivision (b)(2), defines “nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree” as “those courses which do not earn credit for an associate degree at the reporting institution.”

For purposes of computing a community college grade point average, section 30007, subdivision (c), defines “nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree” as “all courses except “Associate Degree Credit Courses” as defined by Title 5, Chapter 6, Article 1, Section 55002(a) of the California Code of Regulations.” Section 55002, subdivision (a), defines “degree-applicable credit courses” as a “course which has been designated as appropriate to the associate degree in accordance with the requirements of section 55062, and which has been recommended by the college and/or district curriculum committee and approved by the district governing board as a collegiate course meeting the needs of the students.”

Section 30007, subdivision (d), requires that the grade point average include a certification 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.

Section 30026 of the Student Aid Commission’s regulations governs reestablished grade point averages for students competing for a Competitive Cal Grant award. That section provides that

⁴⁷ California Code of Regulations, title 5, section 30007, subdivision (a)(2).

an applicant seeking to reestablish his or her grade point average may do so by providing a community college grade point average computed pursuant to section 30007 for at least 16 academic semester units or its equivalent from an accredited California community college.”

Sections 30007, 30023, subdivision (a), and 30026 of the regulations all state the following: “It is the responsibility of the applicant to have a grade point average or test score reported.”

Although these regulations provide that “[i]t is the responsibility of the student applicant to have his or her college or community college report a grade point average,” staff finds that community college districts are required by Education Code section 69432.9 and sections 30007, 30023, subdivision (a), and 30026 of the Student Aid Commission’s regulations to calculate and certify the grade point average under penalty of perjury when requested by a student. When interpreting a statute, the courts will look at the objective to be achieved and the legislative history of the statute if the statutory language is ambiguous. The court will “select the construction that comports most closely with the apparent intent of the Legislature, with a view to promoting rather than defeating the general purpose of the statute, and avoid an interpretation that would lead to absurd consequences.”⁴⁸ In this case, a certified college or community college grade point average is required in order to be eligible for a Transfer or Competitive Cal Grant award. Only the community college has access to the records required to calculate the grade point average and the community college official must certify under penalty of perjury that the grade point average is accurately reported. Thus, staff finds that calculating and certifying grade point averages, pursuant to Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivision (a), and 30026 of the Student Aid Commission’s regulations, when requested by the student, is mandated by the state.

Staff further finds that these activities impose a new program or higher level of service on community colleges. Under existing law, California Code of Regulations, title 5, section 30020, which implemented Education Code section 69544 under the earlier Cal Grant program, provides that the Student Aid Commission “may require applicants to submit transcripts of high school and college academic records or other evidence of potential.” Academic merit under the test claim statutes and regulations is now evaluated by the Student Aid Commission through a certified grade point average, rather than through copies of academic transcripts. Although prior law requires community colleges to average grades on the basis of point equivalencies using a 4.0 scale to determine a student’s grade point average, and allows students to receive verified student records, such as a grade point average, from the community college,⁴⁹ prior law does not require or identify specific courses that may not be counted in the calculation of the grade point average and does not require a school official to certify under penalty of perjury that the calculation is accurate. The specific calculation and certification of the grade point average are activities newly required by the test claim statute and regulations.⁵⁰

⁴⁸ *Day v. City of Fontana* (2001) 25 Cal.4th 268, 272. (Ex. ____.)

⁴⁹ Education Code sections 76210, subdivision (c), 76220, and 76230; California Code of Regulations, title 5, sections 54610, 55023.

⁵⁰ See also, *Long Beach Unified School Dist. v. State of California* (1990) 225 Cal.App.3d 155, 173, where the court found a higher level of service within the meaning of article XIII B, section 6 in a statute that required specific action to alleviate segregation in schools. Existing

Therefore, staff finds that the following activities required by Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivision (a), and 30026 of the Student Aid Commission's regulations, constitute a state-mandated new program or higher level of service on community colleges:

- Calculating a college or community college grade point average pursuant to the instructions in California Code of Regulations, title 5, section 30007.
- 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.

The activity of the community college submitting the grade point average to the Student Aid Commission is an activity not mandated by the state, however. Rather, the Cal Grant applicant can fill in the top of a one-page verification form from the Student Aid Commission and take it to a school officer (registrar's desk, counselor, etc.) who then fills in the bottom third of the form with a school code, the student's grade point average, contact information for the official, and a signature.⁵¹ The applicant then returns the form to the Student Aid Commission by the financial aid application deadline. Colleges may choose to submit batched verified student grade point averages online through the Student Aid Commission's "WebGrants grade point average Collection System," but they are not required by the state to do so.⁵² Moreover, the plain language of sections 30007, 30023, subdivision (a), and 30026 provides that "[i]t is the responsibility of the applicant to have a grade point average or test score reported." Thus, the activity of submitting the grade point average to the Student Aid Commission is not a state-mandated requirement.

Grade point averages submitted after the statutory deadline

Section 30023 of the regulations further addresses grade point averages that are submitted to the Student Aid Commission after the statutory deadlines. Section 30023, subdivision (c), states in relevant part the following:

(c) The Commission may, on a case-by-case basis, accept the submission of grade point average(s) from an applicant or reporting institution after the March 2 or September 2 deadline if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average(s) by the applicant or reporting institution(s) by the March 2 or September 2 deadline.

(1) Such circumstances must be shown by a certification: (i) from the reporting institution of the circumstances beyond the control of the applicant that delayed or prevented the timely submission of the grade point average by the reporting institution by the March 2 or September 2 deadline; (ii) from the applicant or

law required school districts to take steps to alleviate racial imbalance, but did not require specific action to be taken.

⁵¹ See, "Operations Memo, Update of the California Student Aid Commission," GOM 2008-24, dated October 31, 2008, and the attached Cal Grant GPA Verification Form. (Ex. ____.)

⁵² Cal Grant Manual, chapter 4.4.

reporting institution with proof that the grade point average was originally mailed by the applicant or reporting institution before the deadline; or (iii) from the applicant with a written description, under penalty of perjury, of the facts showing that circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average.

The claimant argues that section 30023, subdivision (c), mandates community colleges to submit facts to the Student Aid Commission showing circumstances beyond the control of the applicant when requesting leave to file the grade point averages after the statutory deadline.

Staff finds that the state has not mandated community colleges to perform any activities when grade point averages are submitted late. Section 30023, subdivision (c), authorizes the Student Aid Commission to accept late submittals if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average by the applicant or reporting institution. However, a certification of the facts from the community college justifying the late submittal is not required by the plain language of section 30023. Rather, the applicant can show the circumstances for the late submittal by submitting proof that the grade point average was originally mailed by the applicant or reporting institution before the deadline; or with a written description, under penalty of perjury, of the facts showing that circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average.

Grade point averages submitted incomplete or incorrect

Section 30023 of the regulations also addresses grade point averages that are submitted incomplete or incorrect. Section 30023, subdivision (d), states the following:

Applicants or officials who submit a timely but incomplete or incorrect grade point average shall have a grace period of ten (10) days after the mailing of notice by the Commission to file a corrected or completed grade point average. A corrected or completed submission postmarked within the 10 day period shall be deemed to comply with this requirement.

The claimant contends that section 30023, subdivision (d), requires community colleges to resubmit corrected or completed grade point averages within ten days after notice from the Student Aid Commission that the district has submitted a timely, but incomplete or incorrect grade point average.

Staff finds that community colleges are required to complete or correct a grade point average upon notice that the original submitted grade point average was not complete or correct. As indicated above, only the community college has access to the records required to calculate the college or community college grade point average and the community college official must certify under penalty of perjury that the grade point average is accurately reported. Since grade point averages are newly required to complete the Cal Grant application process, staff finds that completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct, pursuant to section 30023, subdivision (d), constitutes a state-mandated new program or higher level of service.

C. Activities performed pursuant to the Institutional Participation Agreement

The claimant contends that Education Code section 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), and California Code of Regulations, title 5, section 30032 impose a new state-

mandated duty on community college districts to receive, account for, and disburse advance payments of Cal Grant funds from the Student Aid Commission, designate a student's educational level when the student first receives a grant payment, return unused awards, and produce accounting reports and other statements to the Student Aid Commission, as required by district agreement or regulation.

The Student Aid Commission asserts that these statutes and regulation do not impose a state-mandated program because participation of a college in the Cal Grant program is voluntary, and not mandated by the state.

As described below, community college districts are not legally compelled to participate in the Cal Grant program and administer the award funds to recipient students. The plain language of the statutory scheme provides each community college a choice to participate.

Education Code section 69433.5, subdivision (i), states that a Cal Grant program award may only be utilized at a "qualifying institution." "Qualifying institutions" include public postsecondary educational institutions that complete a Cal Grant "Institutional Participation Agreement" for each participating campus in the district.⁵³ The Cal Grant Manual, in chapter 2.1, states the following: "To be eligible to release Cal Grant funds to participating students, a school location must be providing instruction in California, complete a Cal Grant *Institutional Participation Agreement*, and be a public postsecondary educational institution." The manual further states that "[t]he school must also demonstrate the ability to administer the Cal Grant funds and must meet such other standards as are adopted by regulation by the Commission in consultation with the State Department of Finance."⁵⁴ A school's eligibility to participate in the Cal Grant program is approved for the specific locations included in the agreement and does not automatically carry over to branch campuses or other off-site classroom locations. A qualifying institution "shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution."⁵⁵ Chapter 2.1 of the Cal Grant Manual details how an institution can participate in the program as follows:

To initiate institutional participation in the Cal Grant program, a school official must contact the Grant Operations Branch of the Commission, complete, then sign and submit a Cal Grant IPA. This document specifies the requirements for institutional participation in the Cal Grant programs. The IPA is periodically revised to encompass regulatory, policy and processing changes to the Cal Grant programs.

To document eligibility, the Commission reviews institution data from the Postsecondary Education Participants System (PEPS), along with information provided by the school. The following outlines the items that are reviewed. From PEPS data, a copy of:

⁵³ Education Code 69432.7, subdivision (l)(3); Cal Grant Manual, chapter 2.1, "Institutional Eligibility."

⁵⁴ Cal Grant Manual, chapter 2.1, "Institutional Eligibility."

⁵⁵ *Ibid.*

- the Detailed School Report from the USED [U.S. Department of Education]
- the school's Eligibility & Certification Approval from USED
- the institution's state legal accreditation

Sent by the school:

- the school's existing disbursement and institutional refund policies, as outlined in Chapter 9 [of the Cal Grant Manual]
- audited financial statements (for at least the two most recently completed fiscal years)
- an audited balance sheet showing the financial condition of the institution at the time of application for participation
- the school's final authorization notice of funding for allocation of the federal campus-based student aid programs
- a statement of account from the USED or a general ledger showing that funds are being expended on federal campus-based student aid programs
- the institution's current catalog or resource document describing the course lengths of the institution's program(s).

If a community college participates in the program, the Cal Grant manual and the Institutional Participation Agreement lay out several requirements, including maintaining standards of administrative capacity and financial responsibility, providing a clear audit trail of fiscal records, maintaining grant funds in a designated account identified as the property of the state, retaining records to document the accuracy of the grant payments for three years, and adopting a refund policy.⁵⁶

Pursuant to the statutes pled by the claimant, *if* a community college participates in the program,

- Each authorized institution is required to disburse the funds in accordance with the provisions set forth in the Institutional Participation Agreement between the Student Aid Commission and the institution. (Ed. Code, § 69432.8.)
- The Student Aid Commission may require, by the adoption of rules and regulations, the production of reports, accounting, documents, or other necessary statements from the college pertaining to the use or application of the award by a recipient student. (Ed. Code, § 69433.5, subd. (h).)
- When a student recipient initially receives payment for a grant, designate the total number of years of eligibility for grants based on the student's educational level in his or her course of study. (Ed. Code, § 69433.6, subd. (a).)

⁵⁶ Cal Grant Manual, chapters 2, 8, 9.

- Refund unused award funds based on published regulations of the community college, as certified to the Student Aid Commission by the community college. (Cal Code Regs., tit. 5, § 30032.)

Community colleges are not legally compelled to perform these activities because the decision to participate in the Cal Grant program is made at the local level and is not compelled by the state.⁵⁷

Absent such legal compulsion, the courts have ruled that at times, based on the particular circumstances, “practical” compulsion might be found. The Supreme Court in *Kern High School Dist.* addressed the issue of “practical” compulsion in the context of a school district that had participated in optional funded programs in which new requirements were imposed. In *Kern*, the court determined there was no “practical” compulsion to participate in the underlying programs, since a district that elects to discontinue participation in a program does not face “certain and severe ... penalties” such as “double ... taxation” or other “draconian” consequences.⁵⁸

Here, there is no evidence in the law or in the record that community colleges that elect not to participate in the Cal Grant program and administer grant funds to their students face certain and severe penalties such as double taxation or other draconian consequences. As acknowledged by the Student Aid Commission, students that need financial aid may be affected by a community college’s decision not to participate in the program. However, the Cal Grant program is intended to supplement and not replace the federal Pell Grant program and other existing institutional student aid. Education Code section 66021.2 specifically states the following:

(f) An institution of higher education in this state that participates in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program shall not reduce its level of per capita need-based institutional financial aid to undergraduate students, excluding loans, below the total level awarded in the 2000-01 academic year.

¶¶

(h) It is the policy of the State of California that the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program supplement the federal Pell Grant program.

Thus, staff finds that Education Code section 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), and California Code of Regulations, title 5, section 30032 do not impose a state-mandated duty on community college districts to receive, account for, and disburse advance payments of Cal Grant funds from the Student Aid Commission, designate a student’s educational level when the student first receives a grant payment, return unused awards, and produce accounting reports and other statements to the Student Aid Commission, as required by district agreement or regulation.

Moreover, the activities required of a community college that participates in the Cal Grant program were required before the enactment of the test claim statutes and regulations. Under the existing Cal Grant program in Education Code section 69530 et seq. for students receiving awards before December 31, 2000, the Student Aid Commission was authorized to make an advance payment per term to “authorized postsecondary educational institutions” for eligible

⁵⁷ *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 880.

⁵⁸ *Kern High School Dist.*, *supra*, 30 Cal.4th 727, 754.

students who indicated they were attending those institutions. Each "authorized" institution was required to disburse the funds in accordance with the provisions set forth in the "Institutional Agreement" between the Student Aid Commission and the institution. (Ed. Code, § 69535.5.) Refunds of unused award funds previously paid to a school or college were required to be based on the published regulations of the school or college concerned, as certified to the Student Aid Commission by the school or college. (Cal. Code Regs., tit. 5, § 30032, enacted in 1977 (Register 77, No. 24).) When a student recipient initially received payment for a grant, the institution of attendance was required to designate the total number of years of eligibility for grants based on the student's educational level in his or her course of study. (Ed. Code, § 69535.1, subd. (a).) In addition, the Student Aid Commission was authorized to provide for reports, accounting, and statements from the award winner and college or university of attendance pertaining to the use of the award. (Ed. Code, § 69535, subd. (j).)

Accordingly, Education Code section 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), and California Code of Regulations, title 5, section 30032 do not mandate a new program or higher level of service on community colleges.

Issue 2: Does the Community College Student Financial Aid Outreach Program in Education Code section 69514.5 mandate a new program or higher level of service on community colleges districts within the meaning of article XIII B, section 6 of the California Constitution?

The claimant alleges Education Code section 69514.5 mandates a new program or higher level of service by requiring community colleges to train "community college counselors and advisors who work with students ... planning to transfer to a four-year college," and to conduct "workshops that provide general information about financial aid and technical assistance in completing financial aid forms."⁵⁹

Education Code section 69514.5, as added by Statutes 2000, chapter 403, follows:

- a) The Community College Student Financial Aid Outreach Program is hereby established. The commission shall, in consultation with the office of the Chancellor of the California Community Colleges, develop and administer this program for the purpose of providing financial aid training to high school and community college counselors and advisors who work with students planning to attend or attending a community college. This training shall also address the specific needs of all of the following:
 - (1) Community college students intending to transfer to a four-year institution of higher education.
 - (2) Foster youth.
 - (3) Students with disabilities.
- (b) The program shall provide specialized information on financial aid opportunities available to community college students, with a particular focus on students who plan to transfer to a four-year college or university. The commission shall work in collaboration with the Chancellor of the California Community

⁵⁹ Test Claim Filing, page 40.

Colleges and other segments of higher education to develop and distribute this specialized information to assist community college students who are planning to transfer to a four-year college or university. Each year, the program shall offer financial aid workshops for high school and community college counselors, targeted for students planning to attend a community college or to transfer from a community college to a four-year institution of higher education. The program shall assist community college counselors in conducting student and family workshops that provide general information about financial aid and technical assistance in completing financial aid forms.

(c) The program shall concentrate its efforts on high schools and community colleges that are located in geographic areas that have a high percentage of low-income families.

Staff finds that Education Code section 69514.5 does not mandate the participation of community college counselors, but rather requires that the Student Aid Commission, in conjunction with the Chancellor's Office, "offer financial aid workshops" to such counselors, and "assist community college counselors in conducting ... workshops." The requirements of Education Code section 69514.5 are consistent with a Student Aid Commission program called "Cash for College." Through the Cash for College workshop program, the Student Aid Commission provides free training materials and resources for public and private organizations to offer financial aid workshops. Such workshops are then conducted on a voluntary basis as a public service by local high schools, colleges, or community organizations.⁶⁰

There is no evidence in the law or the record that individual community college districts have been required to provide staff to receive financial aid training, or to offer financial aid workshops to students. Therefore, pursuant to the plain language of the test claim statute, staff finds that Education Code section 69514.5 does not mandate a new program or higher level of service on community college districts.

Issue 3: Do 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 impose costs mandated by the state within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514?

As indicated above, staff finds that the following activities required by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program in 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 state-mandated new program or higher level of service on community colleges:

- 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.)

⁶⁰ See, "Frequently Asked Questions" regarding Cash for College workshop registration, issued by the Student Aid Commission. (Ex. ____.)

- 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, 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).)

The claimant has submitted a declaration from Toni Du Bois, Dean of Financial Aid and Veteran Affairs for Long Beach Community College District, which estimates increased costs of \$1,000 in staffing and other costs in excess of any funding provided for fiscal year 2001-2002.

The Student Aid Commission states that the community colleges have received funds for student aid administration, including a budget augmentation in 2003-04, with a minimum additional allocation of \$50,000 per campus (6870-101-0001) for outreach and support services for "potential and current financial aid applicants."

Thus, the issue is whether the activities listed above impose costs mandated by the state. Government Code section 17514 defines "costs mandated by the state" as any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute or executive order enacted on or after January 1, 1975, that mandates a new program or higher level of service of an existing program.

Government Code section 17556, subdivision (e), states that there are no costs mandated by the state if the statute, executive order, or an appropriation in a Budget Bill "includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate."

Although community colleges may have received funds appropriated for the "administration of student financial aid," staff finds that the exception to reimbursement in Government Code section 17556, subdivision (e), does not apply here. The line item identified by the Student Aid Commission (item 6870-101-0001, schedule (5)), is for local assistance to the Board of Governors of the California Community Colleges (Proposition 98) for "Student Financial Aid Administration."⁶¹ The funds appropriated are for transfer by the State Controller to Section B of the State School Fund, and can be used on the administration of other student financial aid programs that are not included in this test claim. For example, the funds can be used for expenses incurred under title 5 of the California Code of Regulations, sections 58600 et seq., which have not been pled in this claim, that govern Student Financial Aid grants allocated by the Board of Governors to community college districts for students with financial need. The appropriations made in the Budget Acts do not require community colleges to use the funds specifically for the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program. Thus, the funds appropriated in line item 6870-101-0001 were not specifically intended to fund the costs of the test claim statutes and regulations.

⁶¹ See Statutes 2001, chapter 106; Statutes 2002, chapter 379; Statutes 2003, chapter 157; Statutes 2004, chapter 208; Statutes 2005, chapter 38; Statutes 2006, chapter 47; Statutes 2007, chapter 171; and Statutes 2008, chapter 269.

Moreover, while the statute that enacted the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Stats. 2000, ch. 403, § 10 (SB 1644)) appropriated funds to the Student Aid Commission for the administration of the program, the test claim statutes did not appropriate any funds to community college districts.

Accordingly, staff finds that there are costs mandated by the state within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 for the following activities mandated by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program in 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:

- 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, 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).)

CONCLUSION

Staff concludes that the following activities required by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program in 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:

- 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, 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).)

Staff further concludes that all other statutes and regulations pled in this test claim do not mandate a new program or higher level of service and, thus, are not reimbursable.

Staff Recommendation

Staff recommends the Commission adopt this staff analysis to partially approve this test claim.

BILL ANALYSIS

SB 1644
Page 1

SENATE THIRD READING
SB 1644 (Ortiz)
As Amended August 24, 2000
2/3 vote. Urgency

SENATE VOTE : Vote not relevant

RULES
(vote not relevant)

SUMMARY : Establishes the Ortiz -Pacheco-Poochigian-Vasconcellos Cal Grant Program (Program) which guarantees a Cal Grant award to every student that meets financial and academic requirements.

FISCAL EFFECT : Once fully implemented in 2006, the Program will have an annual cost of approximately \$1.2 billion.

COMMENTS :

1)Existing Cal Grant Program. The Cal Grant program has four types of awards: Cal Grants A, B, C and T. The Cal Grant A program helps low - and middle-income students who demonstrate financial need to pay their college tuition and fees. The Cal Grant B program award provides a living allowance and sometimes tuition and fees for very low -income, disadvantaged students. The Cal Grant B program differs from the Cal Grant A program by placing less reliance on GPA and more emphasis on financial need for determining which students receive an award. Currently the Student Aid Commission provides roughly 51,000 grants annually to A and B recipients (split evenly). The Cal Grant C program provides tuition and fee grants, and funds for supplies to students training for vocational careers. Cal Grant C serves approximately 3,700 students annually, primarily community college students. The Cal Grant T program provides one year grants to roughly 3,000 students in teacher training programs.

This bill does not affect the current configuration of the Cal Grant C and T programs.

2)2000 -2001 Budget. The proposed Budget contains \$88.9 million to expand the Cal Grant programs. Of these funds, \$76.6 million would expand the Cal Grant A, B and C programs, \$12.3 would be used to increase ward levels for current and new

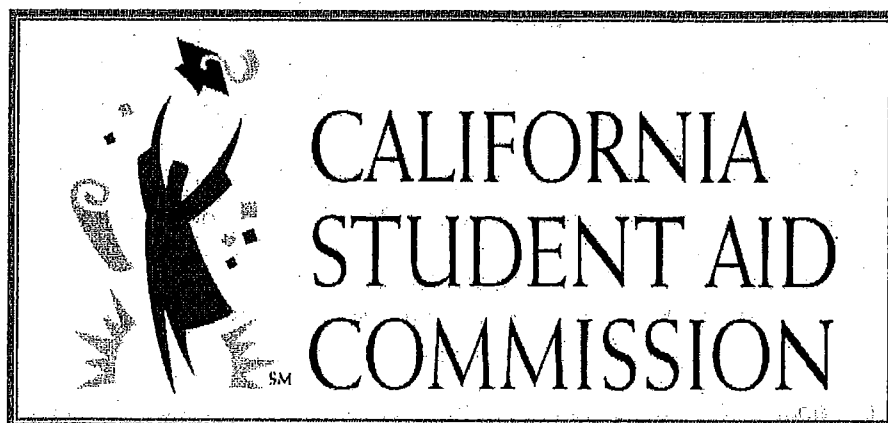
SB 1644
Page 2

recipients. This action would provide new financial aid awards for over 22,549 new students and for the first time meet the statutory goal of providing aid to 25% of high school graduates.

Analysis Prepared by : Christopher Woods / BUDGET / (916)
319-2099

FN: 0006181

Print Form



CAL GRANT PROGRAM
INSTITUTIONAL PARTICIPATION AGREEMENT
for
2008-09

Name of Institution:

Address of Institution:

Office of Postsecondary Education
Identification (OPE ID) Number:

If using US Postal Service, please return to:
California Student Aid Commission
Program Administration & Services Division
ATTN: IPA Renewal
P.O. Box 419028
Rancho Cordova, CA 95741-9028

If using another delivery service, return to:
California Student Aid Commission
Program Administration & Services Division
ATTN: IPA Renewal
10811 International Drive, 2nd Floor
Rancho Cordova, CA 95670

Execution of this Agreement is mandatory for participation in the California Student Aid Commission's Cal Grant Programs.

ARTICLE I

Cal Grant Program Administration - Participation

The California Student Aid Commission ("Commission") and , hereafter referred to as the "Institution," agree to the terms contained in this Institutional Participation Agreement (Agreement).

The Institution desires to participate as an agent of the Commission for the limited purpose of taking part in the Commission's internal procedures of the administration of the Cal Grant Program. This Agreement governs the Institution's eligibility to participate as the Commission's limited agent in the Commission's internal procedures of the administration of all Cal Grant Program awards.

This Agreement applies only to campus(es) indicated on this Agreement as listed in Article IX. A new Agreement is required for the addition of any added campus(es).

This Agreement terminates and the Institution's participation in the Commission's internal procedures of the administration of the Cal Grant Program ends on the date of any shift in control or change of ownership as defined in Article VIII. If the new controlling party or new owner wishes to continue Cal Grant participation, a new Agreement must be completed and executed.

Federal or state law or regulations, as amended, shall prevail if the terms of this Agreement are not consistent with federal or state law or regulations, as amended.

ARTICLE II

Cal Grant Program Administration - General Provisions

A. The Institution must satisfy the minimum requirements for participation in the Cal Grant Program for postsecondary institutions in California established in California Education Code (CEC) 69432.7(1) and Title 5 of the California Code of Regulations (CCR), Section 30009. To that end, the Institution certifies that it satisfies one of the following subsections:

- 1) The Institution is a California non-public postsecondary institution approved by the United States Department of Education (USED) to participate in the Federal Pell Grant program and two of the three federal campus-based student aid programs. The three federal campus-based programs are the Federal Work-Study, the Federal Perkins Loan and the Federal Supplemental Educational Opportunity Grant (SEOG) programs [CEC 69432.7(1)(1)]. Specifically, participation in the campus-based programs means the postsecondary institution has been allocated funds and is spending those funds at each additional location/campus/site/branch (campus) that Cal Grant recipients attend. These program requirements are set forth in 5 CCR 30009(b).
- 2) The Institution is a nonprofit postsecondary institution headquartered and operating in California that: (a) expends at least ten (10) percent of the institution's operating budget, as demonstrated in an audited financial statement, for the purposes of institutionally funded student financial aid in the form of grants, (b) has demonstrated

to the Commission that it has the administrative capability to administer the funds, and (c) is accredited by the Western Association of Schools and Colleges [CEC 69432.7(l)(2) and 5 CCR 30009 (c)].

- 3) The Institution is a California public postsecondary educational institution [CEC 69432.7(l)(3)].
- B. The Institution shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution [5 CCR 30009(d)]. The Institution shall immediately notify the Commission whenever it fails to meet the minimum qualifications for participation stated in subsection A.
- C. The Institution agrees to maintain standards of administrative capability and financial stability in accordance with federal and state law and regulations as applicable.
- D. The Institution agrees to use and retain program and fiscal records (*Appendix B*) that demonstrate institutional and student eligibility, and that document the accuracy of the grant payments reported and the right of the Institution to receive or retain payments made by the Commission. The Institution shall retain these records for a period of three (3) years following the last day of the academic year for which the grant was intended or until outstanding audits are resolved.
- E. The Institution shall maintain written policies and procedures governing the administration and processing of Cal Grant funds under this Agreement.
- F. The Institution agrees to use Cal Grant funds transferred to it solely for the purposes specified, and in accordance with the provisions set forth in the respective program statutes, federal and state regulations and procedures, the California Grant Programs Manual (CGPM) including manual updates, Grant Operational Memos (GOM), Grant Special Alerts (GSA), Grant Policy Bulletins (GPB), and this Agreement.
- G. The Institution acknowledges that no Cal Grant funds are authorized for a fiscal year until such time as that fiscal year's budget has been adopted by the Legislature and signed by the Governor. It is further understood that if such funds are not approved for a fiscal year, the State and the Commission shall be relieved of further payments and this Agreement will be canceled; if proposed funding amounts are reduced, this Agreement is limited to the approved amounts only.
- H. The Institution agrees to maintain a current designation of individuals who are responsible for coordinating and communicating with the Commission on matters related to the provisions of this Agreement.
- I. The Institution agrees to make available at the time of program compliance review, or at any time at the request of the Commission staff, any records and personnel related to the administration of the Commission's Cal Grant Program.
- J. The Institution agrees that it is subject to and must comply with all current and applicable federal and state law and regulations in its implementation of the terms of this Agreement. The Institution agrees that noncompliance with any of these provisions may result in the termination of this Agreement and the privileges that are afforded under it.

ARTICLE III

Cal Grant Program Administration - Account Maintenance – Institutional Responsibilities

- A. The Institution agrees that participation in the administration of the Cal Grant Program is an Institution-wide responsibility. The Institution agrees that student information in the possession of any office or division of the Institution constitutes information in the possession of the Institution. The Institution agrees to manage its participation in the Cal Grant Program, and to coordinate information of Cal Grant funds and Cal Grant recipients, among all offices (i.e. financial aid office, accounting/bursar's office, registrar's office, admissions office, third party servicers, etc.).
- B. The Institution agrees to maintain a current designation of individuals who are responsible for Cal Grant account maintenance through adherence to accepted accounting principles and practices. The Institution also agrees to maintain a separation of function/duties between individuals who authorize and disburse Cal Grant funds so that no one individual is responsible for both functions.
- C. The Institution agrees to maintain an accounting system which conforms to generally accepted accounting principles and practices that includes such items as, but is not limited to, cash receipts and disbursement journals, bank account reconciliation, evidence of receipt of Cal Grant funds, disbursement of Cal Grant funds to recipients, and all other accounting records necessary to account for all transactions. All Cal Grant funds must be properly recorded and allocated to the appropriate award year for which the funds were advanced and disbursed.
- D. The Institution agrees that all Cal Grant funds, including term advances transferred by the Commission pursuant to CEC 69432.8, constitute State funds, owned by the State, and held in trust for the State, until the funds are withdrawn to be paid as an award for an eligible Cal Grant recipient or as otherwise directed by the Commission.
 - 1) Institutions may hold Cal Grant funds in a separate bank account or may commingle Cal Grant funds with funds from other sources, but must identify the Cal Grant funds through a subsidiary ledger.
 - a. Absent a separate bank account, the Institution must ensure that its accounting records clearly reflect that it identifies Cal Grant funds as readily as if those funds were in a separate account; and
 - b. The Institution must identify earnings on Cal Grant funds in the Institution's bank or investment account.
 - 2) The account in which Cal Grant funds are held must be an interest-bearing account or an investment account at a financial institution with a presence in California whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or secured by collateral of value reasonably equivalent to the amount of Cal Grant Program funds in the account.
 - 3) Annual interest earned on Cal Grant funds constitute State funds and must be remitted to the Commission on behalf of the State no later than March 1 following the

calendar year for which the interest accrued (e.g. March 1, 2008, for calendar year 2007).

- 4) Institutions have a fiduciary responsibility to ensure that State funds are used only for the benefit of eligible students. Under no circumstances may the Institution use State funds for any other purpose, such as paying operating expenses, collateralizing or otherwise securing a loan, or earning interest or generating revenue in a manner that risks the loss of State funds or subjects State funds to liens or other attachments (such as would be the case with certain overnight investment arrangements or sweeps).
- E. Should the Institution close, lose federal financial aid eligibility, or no longer meet the statutory definition of an eligible institution, or upon termination of this Agreement, the Institution agrees to return any undisbursed funds or pay any outstanding invoices immediately.
- F. The Institution shall not request State funds from the Commission unless the funds are payable as Cal Grant awards for specific recipients enrolled in the Institution, and only after the Institution has determined, based on all information in the possession of the Institution, that the Cal Grant awards to those recipients are properly payable.

ARTICLE IV

Cal Grant Program Administration - Disbursement - Institutional Responsibilities

- A. Confirmation of Eligibility: Confirm that the recipient meets eligibility and program requirements specified in this Agreement at the time Cal Grant funds are paid to the recipient or the recipient's account using all existing information [including but not limited to Institutional Student Information Record (ISIR), student self-certification, federal verification documentation] in the possession of the Institution [CEC 69432.7(k)]. Resolve and report to the Commission prior to disbursement any conflicting information (pursuant to the 2007-08 *FSA Handbook* Vol. 1, p. 14 and the October 2005 *The Blue Book*, Chapter 10, pp. 142-143) that may affect the disbursement of Cal Grant funds.
 - 1) The recipient is a U.S. citizen or an eligible non-citizen [CEC 69433.9(a)].
 - 2) The recipient has met U.S. Selective Service requirements [CEC 69433.9(b)].
 - 3) The recipient has a valid Social Security number [CEC 69433.9(a)].
 - 4) The recipient is not in default on any Title IV educational loan or does not owe a refund on any Title IV grant (e.g. Federal Pell or Federal SEOG) or any State grant program administered by the Commission (CEC 69507.5) (CEC 69517.5) [CEC 69433.9(d)].
 - 5) The recipient is not incarcerated [CEC 69433.9(c)].
 - 6) The recipient is a legal California state resident for at least one year [CEC 69433.5(a)] as of the residence determination date.

- i. If the governing board of a public institution has adopted by regulation or policy a residence determination date [CEC 68023], that date shall be used for Cal Grant purposes

OTHERWISE

The first day of instruction of the term for the award year in which the student is enrolled as a Cal Grant recipient shall be the residence determination date for Cal Grant purposes

OR

The date the Commission uses to make the preliminary determination of California residency for purposes of offering a Cal Grant shall be the residence determination date for Cal Grant purposes.¹

- ii. Public institutions shall continue to use the procedures or rules and regulations instituted by their respective governing boards for determining California residency, including resolving conflicting information in the possession of the institution [CEC 68044].²

- iii. Non-public institutions may adopt the regulations in 5 CCR 54020-54024 or they may develop and document their own policy which is not inconsistent with 5 CCR 54020-54024 and CEC 68060-68062, including the resolving of conflicting information in the possession of the institution (see Appendix C).²

- iv. Conflicting information may include indicators on the ISIR such as

- Permanent mailing address in a state other than CA
- Driver's license issued by a state other than CA
- Student's state of address not CA
- Date of residence not more than a year prior to residence determination date
- (If minor) parent's state of address not CA
- (If minor) parent's date of residence not more than a year prior to residence determination date

OR

Any other information available at the institution which shows inconsistency with a claim of CA residency.

- 7) The recipient is enrolled in an eligible program or course of study [CEC 69433.5(e)].
- 8) The recipient does not have a bachelor's or professional degree before receiving a Cal Grant (except for post baccalaureate students enrolled in teaching credential programs) [CEC 69433.5(d)(2)].
- 9) The designated recipient's participation in an eligible post-graduate teaching credential or mandatory 5th year program is approved by the Commission [CEC 69433.6(b)&(c)].
- 10) The enrollment status for each recipient on the grant roster is at least part-time as defined in CEC 69432.7 and in accordance with the established institutional policies

¹ Institutions shall apply the same residence determination date(s) to all their students uniformly.

² CSAC acknowledges the validity of differing residency requirements among the segments of California postsecondary education. Nevertheless, the Commission strongly recommends that in the case of a student who has been determined to be a resident, has received a Cal Grant, and then transfers to another California postsecondary institution, that institutions NOT REESTABLISH residency requirements only in relation to the reception of the student's Cal Grant.

and requirements in the CGPM, including manual updates, policy bulletins, operations memos, special alerts, and this Agreement. [CEC 69434(b)(6), 69435.3(a)(6), 69436(b)(6), 69437.3(c)]

- 11) The recipient demonstrates financial need at the Institution according to federal financial need methodology [CEC 69432.9(b)].
- 12) The recipient with a new award has family income and assets at/below the published Cal Grant ceilings [CEC 69432.7(k)].
- 13) The recipient is complying with the Institution's satisfactory academic progress policies [CEC 69433.5(a)].
- 14) The California Community College Transfer Entitlement recipient randomly selected for verification pursuant to CEC 69436(d)(3)(B) meets eligibility criteria.

B. Disbursement of Cal Grant Funds

- 1) Establish and maintain a written disbursement policy and schedule that includes the Institution's enrollment/payment periods reported to the Commission and is in accordance with the applicable requirements specified for each educational program.
 - i. Disburse "Access" and "Books and Supplies" payments within ten (10) business days of determination of enrollment status.
 - ii. Disburse no more than that which the recipient is eligible to receive per academic term.
 - iii. Report payment transactions through WebGrants or data files as early as practicable, but no later than sixty (60) days following the end of the term.
 - iv. Correct any overawards by adjusting other financial assistance, excluding tuition waivers, offsetting subsequent term payments within the same award year, or, if necessary, returning the overage to the Commission.
 - v. Make all disbursements and adjustments no later than December 31, following the end of the award year (e.g. December 31, 2008, for award year 2007-08).
- 2) Establish and maintain a written refund policy that includes the Cal Grant Program(s).
 - i. In the case of a refund (i.e. if a recipient withdraws, drops out or is expelled for a term for which a payment has been made), recalculate based upon the Institution's refund policy and determine the portion to be returned to the Commission on behalf of the State.
 - ii. Cal Grant funds may not be used for reimbursement to the federal government.
- 3) Establish and publish a policy that informs students of their options regarding receipt of Cal Grant "Access" or "Books and Supplies" funds. (i.e. If institutional policy is to apply "Access" or "Books and Supplies" to outstanding balances on the student's

account, the student must have the ability to request personal receipt of the funds prior to disbursement.)

C. Reconciliation of Cal Grant Funds

1) Establish a written reconciliation policy that details the procedures for reconciling Cal Grant funds received and disbursed by the Institution for each award year.

2) Term Reconciliation

i. Institutions are required to reconcile payments no later than sixty (60) days after the end of the term.

ii. Term reconciliation does not preclude adjustments or payments after that date.

3) Final Reconciliation

i. All Cal Grant funds must be properly recorded and allocated to the appropriate award year for which the funds were advanced and disbursed.

ii. Reconcile all award year Cal Grant funds received and disbursed by the Institution no later than December 31 following the award year (e.g. December 31, 2008, for the 2007-08 award year) or an earlier final processing date in December as authorized by the Commission. The Institution must report adjusted payment transactions for payment transactions previously reported in error.

iii. The final reconciliation of Cal Grant program expenditures is to be on a student-by-student basis.

iv. Upon final award year reconciliation by the Institution, the Institution may, at any time prior to invoicing, repay any Cal Grant funds in excess of the reconciled amount to the Commission.

v. Upon final reconciliation by the Commission, if the Institution has any outstanding balances, the Institution shall be invoiced for those funds. The invoice shall be due and payable to the Commission within 30 days of the invoice date. The Institution agrees to resolve any reconciliation discrepancies with the Commission.

vi. Certify the accuracy of all payment transactions submitted to the Commission to reflect the current status of the student at the time of disbursement.

vii. Any excess or undisbursed Cal Grant funds must be returned to the Commission upon final reconciliation or invoicing.

viii. The Institution may not apply excess Cal Grant funds to any other student's account or to any prior or future year accounts.

ix. Agree to pay any institutional liability that is determined as a result of a program compliance review within the time specified in the program review report.

- x. Liability to the Commission for the Institution's actions or omissions under this Agreement shall not exceed the actual amount of Cal Grant funds that the Institution is not entitled to retain.
 - xi. Failure by the Institution to take action on Cal Grant funds that the Institution is ineligible to retain, after all appeals are exhausted or settled, may constitute noncompliance and may result in the termination of this Agreement thereby terminating the Institution's participation in the Cal Grant Programs.
- D. Submit annual College Cost Estimate forms to the Commission by the deadline specified.

ARTICLE V

Cal Grant Program Administration - Commission's Responsibilities

- A. Maintain the Grant Delivery System (GDS).
- B. Maintain WebGrants.
- C. Maintain WebGrants for Students.
- D. Make a preliminary determination of an applicant's eligibility for Commission-administered grant programs by evaluating his or her financial information and program specific data as provided on the Free Application for Federal Student Aid (FAFSA), the verified Grade Point Average (GPA), and any other selection criteria.
- E. Act as the central repository of high school graduation confirmation received from a variety of sources, placing all new high school Entitlement participants on hold until receipt of confirmation that the student is, in fact, a high school graduate or the equivalent. (This does not absolve institutions of the requirement under Article IV, A to resolve conflicting information.)
- F. Make a preliminary determination that Community College Transfer Entitlement Award recipients are residents of California at the time of high school graduation or its equivalent through use of a student self-certification under penalty of perjury [CEC 69436 (d)(3)(A)].
- G. Provide the Institution with information, training and ongoing assistance with respect to the Institution's participation in the administration of the Cal Grant Program.
- H. Develop forms, publications, and training curriculum for use in administering the Cal Grant Program.
- I. Generate and provide electronic data files and Grant Rosters to the Institution of potentially eligible recipients that include names, unique identifiers and payment amounts.
- J. Provide the Institution with procedures for completing payment transactions.
- K. Notify the Institution of accepted and rejected payment transactions.

- L. Reconcile accepted payment transactions.
- M. Provide the State Controller's Office with the documentation needed to issue Electronic Funds Transfer (EFT) or mail warrants for payment to the Institution.
- N. Provide the Institution with regularly updated electronic data and Grant Rosters identifying reconciled payments.
- O. Invoice the Institution for funds due the Commission as a result of the final reconciliation process and notify the Institution if funds will be withheld pending the return of delinquent repayments.
- P. Notify and instruct the Institution of any Cal Grant Program changes due to statute and/or procedure through Grant Operational Memos, Grant Special Alerts, Grant Policy Bulletins, and CGPM updates.
- Q. Perform program review of the Institution's management of Cal Grant funds for compliance with federal and state law and regulations and this Agreement.

ARTICLE VI

Cal Grant Program Administration - Information Security

The Information Security components of this Agreement are to control access to the Commission's information processing facilities and data by the Institution, as well as require (per FTC Safeguards Rule) certain levels of Information Security and privacy compliance for Institutions that access, retrieve, store, use, modify, transfer, dispose of, destroy, or delete Commission data. For purposes used within this Agreement, Non-public Personal Information (NPI), Personally Identifying Information (PII) and financial information shall be identified as Confidential information.

Information Security – Institutional Responsibilities

The Institution will comply with all applicable federal, California and local information security, confidentiality and privacy laws and regulations, Commission policies and requirements pertaining to the proper access, creation, modification, handling, storage, transfer, transmission, dissemination, sharing or destruction of confidential information pertaining to the Commission.

The Institution will additionally abide by the following requirements as a condition of access to the Commission's data and network. The Commission reserves the right to monitor or revoke access to the Commission's network and data to the Institution or individual staff member(s).

Institution's Administrative Authorization for Access and Roles/Responsibilities

- A. The Institution will maintain a historical record that identifies to the Commission or its representative, the identification of the individual(s) who is granted access to the Commission's network or creates or updates WebGrants (GDS) transactions with the Commission's data for three (3) years following the last day of the award year.
- B. The Institution will designate a single individual as the Authorized Official (AO), who will then designate a maximum of two other individuals as the Institution's System Administrator(s) (SA).

- C. The Institution's AO will grant authority to the Institution's SA(s) to create or disable individual user accounts for that Institution's staff to access the Commission's network and data. The AO will not have SA authority or responsibility.
- D. The AO and SA(s) will be required to submit an accurate and complete "Information Security and Confidentiality Agreement" and "System Administrator's Access Request Form" to the Commission before access to the Commission's network and data is granted. If the AO and SA(s) are different at each Institution location (campus), separate "Confidentiality Agreement" and "System Administrator's Access Request Form(s)" must be completed and sent to the Commission. Copies of this documentation shall also remain at the Institution.
- E. Any change in the designation of the Institution's AO or SA(s) will require that a new "Information Security and Confidentiality Agreement" as well as new copies of the "System Administrator's Access Request Form" be sent to the Commission immediately. Copies of this documentation of this shall also remain at the Institution.
- F. The Institution's SA(s) will immediately disable the password and ID of any employee or agent of the Institution whose change in employment status or duties no longer requires access to the Commission's network or data. Copies of this documentation of this action shall remain at the Institution.
- G. The Institution's SA(s) will ensure that all Institution employees or agents that require WebGrants (GDS) access will sign a "Grant Delivery System (GDS) WebGrants User Access Request Form", prior to being granted access to the WebGrants System. Such access will be granted for a period of time not to exceed one (1) year, and shall be renewed upon completion of annual Commission-supplied training in areas of information security, privacy and confidentiality. Copies of this documentation shall remain at the institution.

Essential Practices in Promoting and Implementing Information Security

- H. Passwords and user identification numbers (IDs) are to be treated as Confidential information. Employees or agents of the Institution shall not share passwords and IDs. Passwords will be changed on a regular basis, as required by the Commission.
- I. Confidential Commission data or assets that are no longer required for use by the Institution, for Commission compliance reviews or unless otherwise determined by the Commission, based upon a mutually agreeable time or contract, shall be returned or destroyed in a secure manner, ensuring that no reconstruction or derivation of the data, media or materials is possible.
- J. The Institution shall establish training programs and acceptable use policies for Institution employees regarding information security, privacy and confidentiality to include Commission data.
- K. The Institution will establish and enforce policies to ensure that Commission data and network access are conducted from secured systems onsite within the Institution, or via encrypted networks from offsite locations. Offsite locations shall have encrypted hard drives and storage devices and shall not provide a bridging capability from unsecured networks into Commission networks.

- L. The Institution will notify the Commission immediately of any security, integrity or confidentiality incident(s) involving Commission data or network exposure by contacting the Commission's ITS Help Desk at 888-294-0148. Such incidents may include, but are not limited to unauthorized or accidental modification, destruction, disclosure, loss, or access to automated files and databases, as well as incidents involving loss, damage or misuse of information assets. Such incidents shall be followed up with a written report of the incident, signed by the AO and the Institution's Chief Executive Officer and submitted to the Commission's Information Security Officer (ISO) within ten (10) business days after the Institution's awareness of the incident.
- M. No Commission data or assets shall be transferred to a third party or its agents without express written permission by the Commission's ISO. Verification of individual data with the respective individual or their lawfully designated agent(s) is permissible.
- N. To the extent authorized by law and caused by the negligence or intentional misconduct of itself, its employees or agents, the Institution will accept liability for any direct or consequential damages to the Commission, its network or data.
- O. The Institution will ensure that information transmitted electronically or otherwise to the Commission has been examined and is complete and accurate to the best of its knowledge.
- P. No faxes or unencrypted email containing Confidential data shall be sent to the Commission.
- Q. All storage media or electronically transferred correspondence sent between the Institution and the Commission containing Confidential data must be encrypted or transferred via an encrypted communications session. Passwords, decryption devices, or decryption methods required to access the data must be sent separately via a different communications method.

Information Security – Commission's Responsibilities

The Commission will comply with all applicable federal, California and local information security, confidentiality and privacy laws, regulations and requirements pertaining to the proper access, creation, modification, handling, storage, transfer, transmission, dissemination, sharing or destruction of confidential information pertaining to the Institution.

- A. Account changes submitted by the Institution will be reviewed, acknowledged and incorporated within three (3) business days.
- B. The Commission shall require that passwords are changed on a regular basis.
- C. The Commission shall issue periodic communications to address Information Security concerns.
- D. The Commission will ensure that information transmitted electronically or otherwise to the Institution has been examined and is complete and accurate to the best of its knowledge.

- E. No faxes or unencrypted email containing Confidential data shall be sent to the Institution.
- F. All correspondence transferred electronically or on storage media between the Commission and the Institution containing Confidential data must be encrypted or transferred via an encrypted communications session. Passwords, decryption devices, or decryption methods required to access the data must be sent separately via a different communications method.
- G. The Commission will periodically audit the security-related records of the Commission and the Institution to ensure that proper levels of access to the Commission's data and networks by proper individual(s) identified by the Institution are correct, current and complete.

ARTICLE VII

Corrective Measures

- A. The Institution is subject to the following corrective measures for failure to comply with the terms of this Agreement.
 - 1) The Commission may halt the processing of future payment transactions for the Institution.
 - 2) The Commission may withhold issuing Cal Grant funds to the Institution.
 - 3) The Commission may withhold term advances to the Institution for future academic years.
- B. The Commission shall provide the Institution written notice of its intent to impose one of these corrective measures thirty (30) calendar days prior to such action.
- C. The Institution shall be permitted to submit, and the Commission shall consider, a response to such notice, including any legal and factual reasons why such corrective measure should not be imposed. Such response shall be submitted within fifteen (15) days of receipt of Commission's written notice of its intent to impose such measure.
- D. The Commission may also terminate this Agreement as provided in Article VIII, section B.

ARTICLE VIII

Agreement Duration

This Agreement is effective when it is executed by the Commission's representative. This is generally later than its execution by the Institution's representative. It supersedes any prior Agreements executed between the Commission and the Institution.

- A. The Agreement automatically terminates with any of the following occurrences.

- 1) The Institution closes or stops providing eligible educational programs.

- 2) The Institution's federal Program Participation Agreement is terminated.
 - 3) The Institution's accrediting agency has withdrawn its approval.
 - 4) The Institution undergoes a change which results in one of the following:
 - i. a shift in control,
 - ii. change of ownership,
 - iii. or any other significant change in the control of the institution (excluding change of Chancellor, Chief Executive Officer, or President).
 - 5) The Institution or additional location no longer possesses all of the requirements for a qualifying institution.
 - 6) The Institution's Chief Executive Officer requests termination of this Agreement in writing.
 - 7) June 30, 2012
- B. The Commission's representative may terminate this Agreement in writing for the following occurrences.
- 1) The Institution does not demonstrate that they can provide adequate administration of the Cal Grant Program(s).
 - 2) The Institution does not demonstrate financial stability.
 - 3) The Institution has not returned Cal Grant funds addressed in either a Cal Grant Institution review or any outstanding invoices within the required time frame.
 - 4) The Institution fails to comply with the terms of this Agreement.
- C. The Commission shall provide the Institution written notice of its intent to terminate the Agreement forty-five (45) calendar days prior to such action.
- D. The Institution shall be permitted to submit, and the Commission shall consider, a response to such notice, including any legal and factual reasons why such termination should not occur. Such response shall be submitted within fifteen (15) days of receipt of Commission's written notice of termination.

ARTICLE IX

Certification

As Chancellor/Chief Executive Officer/President of this Institution, I agree that this Institution and its Additional Location(s) (if any) will comply with all state and federal statutes, regulations, and rules applicable under this Agreement.

Name and Address of Main Campus:
(may be in state other than California)

--

Office of Postsecondary
Education Identification
(OPE ID) Number (must
have -00 suffix)

--

Name(s), Address(es), and Phone Number(s) of Additional
Location(s) included in this Agreement (attach additional
pages if necessary):
(must be California locations)

--

OPE ID Number(s)

--

--

--

--

--

--

--

--

--

--

--

FOR ALL INSTITUTIONS

Please indicate which of the following section(s) establish your Institution's eligibility to participate in the Cal Grant Programs. Many institutions' eligibility is established through Section 69432.7(l)(1) or (3) or 69440(a) of the CEC.

If your Institution is seeking to establish eligibility through Section 69432.7(l)(2) of the CEC, please complete the "Financial Statement and Demonstration of Administrative Capability to Participate in the Cal Grant Programs" form.

Initial any box(es) applicable to your Institution:

FOR PRIVATE/INDEPENDENT POSTSECONDARY INSTITUTIONS

Section 69432.7(l)(1) of the CEC states: "Qualifying institution" means the following:

"Any California private or independent postsecondary educational institution that participates in the Pell Grant program and in at least two of the following federal campus-based student aid programs: (A) Federal Work-Study, (B) Perkins Loan Program, [and] (C) Supplemental Educational Opportunity Grant Program [SEOG]." Participation in the campus-based programs means the institution or site has applied for, been allocated funds, and is spending those funds. Participation in the Federal Pell Grant program means that students are eligible to be paid Federal Pell Grant funds for attendance at the institution.

☐ This Institution meets the requirements of Section 69432.7(l)(1) of the CEC.

OR

Section 69432.7(l)(2) of the CEC states: "Qualifying institution" means the following:

"Any nonprofit institution headquartered and operating in California that certifies to the commission that ten (10) percent of the institution's operating budget, as demonstrated in an audited financial statement, is expended for the purposes of institutionally funded student financial aid in the form of grants, that demonstrates to the commission that it has the administrative capacity to administer the funds, that is accredited by the Western Association of Schools and Colleges.

☐ This Institution meets the requirements of Section 69432.7(l)(2) of the CEC.

FOR PUBLIC POSTSECONDARY INSTITUTIONS

Section 69432.7(l)(3) of the CEC states: "Qualifying institution" means the following:

"Any California public postsecondary educational institution."

☐ This Institution meets the requirements of Section 69432.7(l)(3) of the CEC.

Additional requirements:

FOR ALL INSTITUTIONS

Section 66290 of the CEC states:

"Prior to receipt of any state financial assistance or state student financial aid, a postsecondary educational institution shall provide assurance to the agency administering the funds, in the manner required by the funding agency, that each program or activity conducted by the postsecondary educational institution will be conducted in compliance with this chapter and all other applicable provisions of state law prohibiting discrimination on the basis of sex. A single assurance, not more than one page in length and signed by an appropriate responsible official of the postsecondary educational institution, may be provided for all the programs and activities conducted by a postsecondary educational institution."

This assurance must be retained by the institution in files, catalogs, or on the institution's official Web site and need not be included with this Agreement.

☐ This Institution meets the requirements of Section 66290 of the CEC.

FOR ALL INSTITUTIONS

I certify that the Institution is eligible to participate in the Cal Grant Programs and will immediately notify the Commission if the Institution ceases to be eligible under Sections 69432.7(l)(1), (2) or (3), 69440(a) of the CEC, or Article VI of this Agreement.

Signature: Chancellor/Chief Executive Officer/President of Institution

Date

Type or Print Name and Title

Signature: Chief, Program Administration and Services Division

Date

APPENDIX A

DEFINITIONS

Academic Year: An "academic year" is July 1 to June 30, inclusive. The starting date of a session shall determine the academic year in which it is included as defined in CEC 69432.7(a). See "Award Year."

Access: Component of Cal Grant B award that is intended to be used for student living expenses.

Administrative Capability: In order to participate in the Cal Grant programs schools must be financially responsible and have the resources to properly administer the requirements of the program.

Advances, Cal Grant Funds: Each year after the state budget is passed, or in mid-August, whichever is later, the Commission may advance money to each participating school in order for schools to begin making payments to eligible students.

Assets: Cash on hand in checking and savings accounts; trusts, stocks, bonds, other securities; real estate (excluding home), income-producing property, business equipment, and business inventory. Considered in determining Expected Family Contribution (EFC).

Attendance Status: The amount of time the student is currently attending school. For the purposes of Cal Grant payment reporting, students can be enrolled full-time, half-time, or three-quarter time.

Authorized Official (AO): A single individual that is designated by the Institution's Financial Aid Director to select up to two (2) separate individuals as System Administrator(s) for the Institution. Respective Institution campus locations may have their own AOs. The AO does not perform System Administrator functions.

Award Year: One academic year, or the equivalent, of attendance at a qualified institution as defined in 69432.7(c). See "Academic Year."

Books and Supplies: Component of the Cal Grant C award that students can use for educational related expenses.

California Code of Regulations or CCR: The body of regulations promulgated to administer and regulate California laws. Commonly referred to as the "regulations."

California Education Code or CEC: The legal statutes that authorize the Student Aid Commission and Cal Grant programs. Commonly referred to as the "law."

Citizen, U.S.: Cal Grant awards are available only to students who, in addition to being California residents, are U.S. Citizens or eligible non-citizens. The definition of U.S. Citizen and eligible non-citizen for the purposes of Cal Grant is the same as the requirement for federal Title IV student financial assistance.

College Cost Estimate Form: Submitted to the Commission by the Institution annually to update cost of attendance figures for use in determining new Cal Grant applicant eligibility.

Compliance Review: A review performed by Commission auditors to verify compliance with Cal Grant and Specialized Programs laws and policies. Penalties for being out of compliance can include reimbursement of funds, suspension and termination from the Cal Grant program.

APPENDIX A

DEFINITIONS

Confidential: Broad classification assigned to data or systems used to transfer such data. Such a classification denotes a level of value for which disclosure can bring some level of harm or damage.

Decryption: The process or ability to remove encryption from data, thereby making the data readable or usable.

Department of Education, U.S. (USED): The section of the federal government that administers federal assistance to students enrolled in postsecondary educational programs. USED programs include: Federal Pell Grant, Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), Federal Family Education Loan (FFEL) Programs, and William D. Ford Federal Direct Loan (Direct Loan) Program.

Disbursement of Funds: Cal Grant funds are disbursed when a school credits a student's account with funds or pays a student directly.

EFT: Electronic Funds Transfer. Process by which Cal Grant funds are automatically transferred directly from the state Controller's Office to the participating Institution into the Institution's specified account.

Electronically Transferred Correspondence: Any electronic transfer or transmission of data between two or more parties. This can include, but is not limited to email, zipped files or other attachments, ftp transfers, telnet sessions, etc.

Encrypted Hard drives: Hard disk drives contained within or attached to a computer system that are encrypted and do not allow any readable access to the data contained on it without the application of a password or decryption device, typically upon boot-up. USB and similar memory storage devices appear as a disk drive to computers and should be encrypted as well.

Encrypted Networks: Computer networks (virtual or real) utilizing encryption to provide a path for data transmission without the ability to eavesdrop on the data being transmitted.

FAFSA: See Free Application for Federal Student Aid.

Federal Pell Grant: A federal grant program for needy postsecondary students who have not yet received a baccalaureate or first professional degree; administered by the U.S. Department of Education.

Federal Perkins Loan: A long term, low interest loan program for both undergraduate and graduate students at a current interest rate of five (5) percent. The Perkins loan is one of the "campus-based" programs that can be used to qualify for Cal Grants on an institutional basis.

Federal Supplemental Educational Opportunity Grant (FSEOG): One of the campus-based programs; grants to undergraduate students of exceptional financial need who have not completed their first baccalaureate degree. Priority for FSEOG awards must be given to Federal Pell Grant recipients with the lowest EFCs. FSEOG is one of the "campus-based" programs that can be used to qualify for Cal Grants on an institutional basis.

Federal Verification: A process by which a financial aid office substantiates the data that a financial aid applicant has reported on a financial aid application. Additional information from the student, a spouse, and the parents is used to confirm previously submitted data.

APPENDIX A

DEFINITIONS

Federal Work-Study Program (FWS): One of the campus-based programs; a part-time employment program which provides jobs for undergraduate and graduate students who are in need of such earnings to meet a portion of their educational expenses. Federal Work-Study is one of the "campus-based" programs that can be used to qualify for Cal Grants on an institutional basis.

Financial Need: The difference between the Institution's cost of attendance and the family's ability to pay (i.e., Expected Family Contribution). Ability to pay is represented by the expected family contribution for federal need-based aid and for many state and institutional programs.

Final Reconciliation: The reconciliation of all award year Cal Grant funds received and disbursed by the Institution no later than December 31 following the award year (e.g. December 31, 2008, for the 2007-08 award year) or an earlier final processing date in December as authorized by the Commission.

Free Application for Federal Student Aid (FAFSA): The federal financial aid application completed by the student and the student's parents (if applicable) that collects household and financial information. The FAFSA is the foundation document for all federal need analysis computations and database matches performed for a student.

FSEOG: See Federal Supplemental Educational Opportunity Grant.

Grade Point Average (GPA): An average of a student's grades, converted to a 4.00 scale (4.00 is an A, 3.00 is a B, and 2.00 is a C). Submission of a verified GPA is required for Cal Grant A and Cal Grant B consideration. For Cal Grant purposes the GPA must be calculated in accordance with state regulations.

Grant Roster: List of eligible Cal Grant recipients at a particular school.

Independent Postsecondary Institution: Non-public, non-profit educational institution legally authorized to operate in the state of California.

Information Security: Protection of information systems against unauthorized access to or modification of information, whether in storage, processing or transit, and against the denial of service to authorized users or the provision of service to unauthorized users, including those measures necessary to detect, document, and counter such threats.

Institutional Participation Agreement (Agreement or IPA): This is the contractual agreement between the Student Aid Commission and the schools that participate in the Cal Grant program. Schools must have a signed IPA on file with the Commission to participate in the Cal Grant program. The IPA is updated about every three to four years.

Institutional Student Information Record (ISIR): Institutional Student Information Record. The electronic record produced when the FAFSA is processed. An ISIR is sent to each college listed on the FAFSA and the state agency in the student's residence state. The ISIR contains all of the SAR data, plus the student's National Student Loan Data System (NSLDS) records.

Non-public Personal Information (NPI): Such information includes

- A. Personally identifiable financial information -
 - (i) provided by a consumer to a financial institution;
 - (ii) resulting from any transaction with the consumer or any service performed for the consumer; or

APPENDIX A

DEFINITIONS

- (iii) otherwise obtained by the financial institution.
- B. Such term does not include publicly available information.

OPE ID: Office of Postsecondary Education Identification provided by the U.S. Department of Education. A six (6) digit number followed by a two (2) digit suffix.

Overaward: The condition of disbursing financial aid in excess of the amount for which the student is eligible.

Payment: Disbursing Cal Grant funds to a student directly, or depositing Cal Grants funds directly into the student's school account.

Pell Grant: Federal financial aid program. The amount of the Pell Grant awarded to a renewal student must be subtracted from a renewal Cal Grant student's financial need.

Personally Identifying Information (PII): Any piece of information which can potentially be used to uniquely identify, contact, or locate a single person.

Proprietary Postsecondary Institution: Non-public, for-profit educational institution legally authorized to operate in the state of California.

Public Post-secondary Institution: The public institutions of higher education in California include the UC system, CSU system and California Community College system.

Recipient: Student who has been awarded a Cal Grant by the Commission and has received a payment, taken a leave of absence from payment, or has been placed on Community College Reserve.

Reconciliation: Verification that Cal Grant funds are being disbursed to each student in the correct amounts and that all payments have been properly reported to the California Student Aid Commission. See "Term Reconciliation" and "Final Reconciliation."

Residence: Every person has, in law, a residence. (CEC 68060)

Every person who is married or 18 years of age, or older, and under no legal disability to do so, may establish residence. (CEC 68061)

In determining the place of residence the following rules are to be observed:

- (a) There can only be one residence.
- (b) A residence is the place where one remains when not called elsewhere for labor or other special or temporary purpose, and to which he or she returns in seasons of repose.
- (c) A residence cannot be lost until another is gained.
- (d) The residence can be changed only by the union of act and intent.
- (e) A man or woman may establish his or her residence. A woman's residence shall not be derivative from that of her husband.
- (f) The residence of the parent with whom an unmarried minor child maintains his or her place of abode is the residence of the unmarried minor child. When the minor lives with neither parent his or her residence is that of the parent with whom he or she maintained his or her last place of abode, provided the minor may establish his or her residence when both parents are deceased and a legal guardian has not been appointed.

APPENDIX A

DEFINITIONS

(g) The residence of an unmarried minor who has a parent living cannot be changed by his or her own act, by the appointment of a legal guardian, or by relinquishment of a parent's right of control.

(h) An alien, including an unmarried minor alien, may establish his or her residence, unless precluded by the Immigration and Nationality Act (8 U.S.C. 1101, et seq.) from establishing domicile in the United States.

(i) The residence of an unmarried minor alien shall be derived from his or her parents pursuant to the provisions of subdivisions (f) and (g). (CEC 68062)

SEOG: See Federal Supplementary Educational Opportunity Grant

Security, Integrity or Confidentiality Incidents: Any event that reflects an unauthorized access, loss, disclosure, destruction, modification or misuse to a computer system, network or data. Each incident must be reported immediately to the Commission, with a follow-up written report of the incident signed by the AO and the Institution's Chief Executive Officer submitted within 10 business days to the Commission's Information Security Officer.

Selection: The Commission's review of applicant eligibility and awarding of Cal Grants.

State Controller's Office (SCO): State agency that authorizes and issues payment and advances of Cal Grant funds to participating schools.

Storage Media: Any device capable of holding information. This can include paper records, CDROM/DVD type devices, USB/memory-type devices or disk drives.

System Administrator (SA): Individual tasked to perform System Administrator-related tasks on the GDS WebGrants system on behalf of the Institution (i.e., account create/delete). There are a maximum of two (2) SAs assigned per Institution; however, individual campus locations may have their own respective SAs, provided they perform such tasks as specified above for the individuals attending the Institution at that campus location.

TCP: Teaching Credential Program, as used in relation to the Cal Grant program is a post-baccalaureate program of study that leads to a California teaching credential. Cal Grant benefits for students in a Teaching Credential Program are referred to as TCP benefits.

Term: Refers to a school's academic term or Cal Grant payment period in the case of a non-term based institution.

Term Reconciliation: The reconciliation of all term Cal Grant funds received and disbursed by the Institution no later than sixty (60) days after the end of each term.

Title IV Programs: Those federal student aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. Includes: the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study, Federal Perkins Loan, Federal Stafford Loan, Federal PLUS Loan, Direct Loan, Direct PLUS Loan, the Leveraging Educational Assistance Partnership (LEAP), and the Special Leveraging Educational Assistance Partnership (SLEAP).

USED: United States Department of Education (Also, DOE, USDE, ED) See "Department of Education, U.S."

APPENDIX A

DEFINITIONS

Unencrypted: Data that has not been encrypted to prevent potential unauthorized use or disclosure.

WebGrants: The Student Aid Commission's Internet based access to the Cal Grant Delivery System database. Schools can review their Cal Grant rosters and report payments and student demographic changes to the Commission.

APPENDIX B

PROGRAM AND FISCAL RECORDS

Program and Fiscal Records include, but are not limited to:

A. Student eligibility:

- 1) Documentation of California residency
- 2) Financial aid applications and forms
- 3) Need analysis and packaging information for each recipient to support renewal unmet need reported to Commission and to support final award package
- 4) Award letters and Institutional Student Information Record (ISIR)
- 5) Full academic transcripts and Add/Drop Screens (SAP and enrollment verification)
- 6) Enrollment agreements (if applicable)
- 7) Declaration of academic major/program
- 8) Cost of Attendance (Student Expense Budgets)
- 9) Documentation of Professional Judgment (if applicable)

B. Institution Eligibility

- 1) The current authority to operate from the California Bureau for Private Postsecondary and Vocational Education, if applicable
- 2) Written policies and procedures
- 3) All application school catalogs and term academic calendars
- 4) The most recent Independent Auditors Report (Financial Statements and OMB Circular A-133 Compliance) and the Institution's audit response
- 5) The latest Fiscal Operation Report and Application to Participate (FISAP), Part VI, Section A (Program Summary for Award Year)

C. Fiscal Administration

- 1) Detailed Cal Grant fund ledger(s) that show the deposit of Commission advances and disbursement of grant awards for the award year. Ledgers must contain a beginning and ending balance.
- 2) Bank statements identifying the deposit of Cal Grant advances for the award year. If Cal Grant deposits combined with other deposits, keep deposit slips detailing each item deposited.
- 3) Chart of accounts and financial aid account related codes
- 4) Individual student account ledgers
- 5) Proof of receipt of "Access" and "Books and Supply" funds by student, such as:
 - i. Front and back copies of negotiated checks
 - ii. School bank statement used for tracking each student's payment(s), or
 - iii. Written authorization from the student to credit payment to other school charges
- 6) Accounting procedures necessary to explain the application or distribution of Cal Grant funds
- 7) Refund payments made to the Commission

D. WebGrants Information Security and Confidentiality Agreement and user forms

E. Your current organizational chart

F. Any other records that the school fee ls are pertinent to explaining the Institution's administration of the grant program

APPENDIX C COMMUNITY COLLEGE RESIDENCY REGULATIONS

Title 5, California Code of Regulations (CCR), Sections 54020-54024:

54020: In order to establish a residence, it is necessary that there be a union of act and intent. To establish residence, a person capable of establishing residence in California must couple his or her physical presence in California with objective evidence that the physical presence is with the intent to make California the home for other than a temporary purpose.

54022: (a) A person capable of establishing residence in California must be physically present in California for one year prior to the residence determination date to be classified as a resident student.

(b) A temporary absence for business, education or pleasure will not result in loss of California residence if, during the absence, the person always intended to return to California and did nothing inconsistent with that intent.

(c) Physical presence within the state solely for educational purposes does not constitute establishing California residence regardless of the length of that presence.

54024: (a) Intent to make California the home for other than a temporary purpose may be manifested in many ways. No one factor is controlling.

(b) A student who is 19 years of age or over, and who has maintained a home in California continuously for the last two years shall be presumed to have the intent to make California the home for other than a temporary purpose unless the student has evidenced a contrary intent by having engaged in any of the activities listed in subdivision (f)

(c) A student who is under 19 years of age shall be presumed to have the intent to make California the home for other than a temporary purpose if both the student and his or her parent have maintained a home in California continuously for the last two years unless the student has evidenced a contrary intent by having engaged in any of the activities listed in subdivision (f).

(d) A student who does not meet the requirements of subdivision (b) or subdivision (c) shall be required to provide evidence of intent to make California the home for other than a temporary purpose as specified in subdivision (e).

(e) Objective manifestations of intent to establish California residence include but are not limited to:

- (1) Ownership of residential property or continuous occupancy of rented or leased property in California.
- (2) Registering to vote and voting in California.
- (3) Licensing from California for professional practice.
- (4) Active membership in service or social clubs.
- (5) Presence of spouse, children or other close relatives in the state.
- (6) Showing California as home address on federal income tax form.
- (7) Payment of California state income tax as a resident.
- (8) Possessing California motor vehicle license plates.
- (9) Possessing a California driver's license.
- (10) Maintaining permanent military address or home of record in California while in armed forces.
- (11) Establishing and maintaining active California bank accounts.
- (12) Being the petitioner for a divorce in California.

APPENDIX C COMMUNITY COLLEGE RESIDENCY REGULATIONS

(f) Conduct inconsistent with a claim of California residence includes but is not limited to:

- (1) Maintaining voter registration and voting in another state.
- (2) Being the petitioner for a divorce in another state.
- (3) Attending an out-of-state institution as a resident of that other state.
- (4) Declaring nonresidence for state income tax purposes.

Basics of the Institutional Participation Agreement Process for 2007-08 and 2008-09

If you have questions regarding the Institutional Participation Agreement (IPA) process and what your institution can expect in 2007-08 and in 2008-09, here are some answers to your questions.

For 2007-08

What can my institution expect for 2007-08?

For the 2007-08 academic year extending from July 1, 2007, to June 30, 2008, all participating institutions and the California Student Aid Commission will sign a one-year interim IPA, with a few additions, now called the *Renewal IPA*. Those additions cover: the need for institutions to keep Cal Grant funds in an interest-bearing account; the change in final Cal Grant reconciliation deadline from October 15 to December 31 following the award year; and, the addition of a new information security section.

How did this one-year, *Renewal IPA* come about?

Numerous IPAs (3-5 years in duration) between the California Student Aid Commission and Cal Grant participating institutions have existed over the years since the inception of the Cal Grant program. All current IPAs in effect were established in 2003 and are set to expire on June 30, 2007. With this renewal deadline encroaching, beginning in May of 2006, Commission staff began revising the IPA in collaboration with advisory committees, stakeholders and senior management. All participated in an intense, year-long process to research, review, and to discuss the IPA and new issues both that have come up since the existing IPA was established and which an external audit of the Cal Grant Program identified as needing consistent enforcement.

After research, discussions and workshops with representatives of each segment of higher education and other stakeholders, members of the Commission decided in April of this year to add some provisions to the existing IPA, and create a one year interim IPA for the 2007-08 academic year, now called the *Renewal IPA*. Commission staff, advisory committees and stakeholders will continue to put the finishing touches this summer and fall on remaining issues that will be incorporated into a new IPA for the 2008-09 academic year, and beyond.

When should my institution review, fill out and return the 2007-08 *Renewal IPA*?

Your institution should already have received Special Alert 2007-16 dated May 31, 2007. This Special Alert contains the *Renewal IPA* and supporting documents that must be reviewed, filled out, signed and returned (keep a copy for your records!) to the Commission by June 22, 2007.

Those documents are: the IPA for Renewing Postsecondary Institutions for 2007-08; Institutional Contacts form; Grant Delivery System/WebGrants Information Security and Confidentiality Agreement; GDS/WebGrants System Administrator's Access Request Form; and the Electronic Funds Transfer (EFT) Form*.

If your institution is participating in the Cal Grant Program pursuant to CEC 69432.7(l)(1), your institution also needs to submit a copy of your 2007-08 final funding authorization and copies of student ledgers or payroll documents showing payments under the Pell Grant Program, and two of the following: FSEOG, FWS, or Perkins loan.

*The EFT Application for all schools switching from non-interest to interest-bearing accounts is not due until November 1, 2007 (see *Renewal IPA* Article III, A, 4).

What if we cannot make the June 22 deadline?

Please do the best you can, given the short time frame. The 2007 *Renewal IPA* document must be signed and in place by June 30, 2007, and Commission staff will assist you with the submission of all other documents. Please contact Irene Riego-Klauer, at 916-526-8238 or iriego@csac.ca.gov, or Lori Nezhura at 916-526-7261 or lnezhura@csac.ca.gov, prior to the June 22 deadline for assistance.

See next page for details regarding the IPA for 2008-09



Basics of the Institutional Participation Agreement Process for 2007-08 and 2008-09 *continued*

Which parts of the IPA are new?

Article III, A - Cal Grant Account Maintenance-Institutional Responsibilities discusses maintaining Cal Grant funds in an interest-bearing account.

Article IV, D2 - Cal Grant Disbursement-Institutional Responsibilities discusses annual reconciliation of Cal Grant funds by December 31 following the award year.

Article VI - Cal Grant Program Administration-Information Security contains some new information on security practices that will help to protect disbursement records and student information.

The Commission urges you to read the 2007-08 *Renewal IPA* thoroughly and carefully to learn about all aspects of the Agreement.

We have new locations that have just been approved. Do we include them on the IPA, too?

Yes, please include all additional locations (which share the first six digits of your USED#) on page 11 of the 2007-08 *Renewal IPA*. Please remember to submit documents from each of these locations proving payment of federal funds, if applicable.

We have a current GDS/Web Grants Information Security and Confidentiality Agreement and a System Administrators Access Form on file with the Commission. Do we have to submit a new one?

Yes. The Commission is updating the WebGrants accounts of all Cal Grant participating institutions. If there is no change to your System Administrator(s), please do fill out the form, but write "No change" under Section III. For System Administrators, please remember that when granting access to all other users at your institution, the duration cannot exceed one (1) year (per *Renewal IPA* Article VI, G).

I remember hearing about separate interest-bearing accounts, high school graduation confirmation, and California residency confirmation- but I don't see these subjects mentioned in the *Renewal IPA*. Why?

The *Renewal IPA* is an adaptation of the current IPA. The current IPA states: "Verify that the student meets all eligibility and program requirements and resolve any conflicting information before disbursing Cal Grant funds" and "Confirm and document that students listed on a Commission roster or other award notification meet basic eligibility including California residency, financial need and appropriate program eligibility."

The issues listed above are still being considered for inclusion in the 2008-09 *IPA* which is still being revised for clarity and specificity. (See 2008-09 *IPA* questions.)

For 2008-09

When will the proposed 2008-09 IPA be approved and final?

Commission staff has been charged to present a fully reviewed and revised 2008-09 *IPA* to the Commission at their September 6-7, 2007 meeting. Upon approval by the Commission, steps to initiate the renewal process for 2008-09 will commence. The 2008-09 *IPA* would then be implemented on July 1, 2008.

How can I keep track of the progress of the 2008-09 IPA?

As the process of revising the 2008-09 *IPA* progresses, please check the IPA link on the Commission's website for new details and information. It is likely that the process will conclude in the fall of 2007.

Questions?

If you have questions concerning the 2008-09 *IPA*, please contact Irene Riego-Klauier, at 916-526-8238 or iriego@csac.ca.gov, or Lori Nezhura at 916-526-7261 or lnezhura@csac.ca.gov.

[Cal Grants]

Cal Grants are the largest source of free money for college from the state and are administered by the California Student Aid Commission. They may be used at any University of California, California State University or California Community College, as well as most independent colleges, career colleges and vocational or technical programs in California.

THE CAL GRANT GUARANTEE

Every graduating California high school student who meets the minimum GPA and eligibility requirements, has financial need and applies by March 2, or by March 2 the year following graduation, is guaranteed a Cal Grant. The guarantee extends to students who receive their GED or who go to a California Community College and then transfer to a four-year college.

Tip

There are three kinds of Cal Grants—A, B and C—but students do not have to figure out which one to apply for. Their eligibility will be based on their FAFSA responses, their verified Cal Grant GPA, the type of California colleges they list on the FAFSA and whether they are a recent high school graduate.

To receive their Cal Grant awards, students must be attending college at least half time—six semester units or the equivalent. However, exceptions may be made for those students who are in their final term of a four-year program and need only a few credits to graduate.

The amount of the Cal Grant award depends on the type of Cal Grant and the type of school.

At California Community Colleges, which charge no tuition, Cal Grant-eligible students qualify for a fee waiver. The tuition portion of their Cal Grant A or B award will be held in reserve until they transfer to a four-year college. For Cal Grant recipients, their remaining award may be used to pay for books, supplies and living expenses.

At some colleges, Cal Grant awards may be used to attend summer sessions. However, summer-session Cal Grant payments will reduce a student's total four-year Cal Grant eligibility. Because there is a Cal Grant award ceiling, students may not have enough remaining Cal Grant benefits to assist them during their fourth year of college if they take advantage of the summer payment option.

Colleges that offer Cal Grants can be found at www.csac.ca.gov.

Cal Grant Eligibility

To be eligible for a Cal Grant, a student must:

- submit their FAFSA and verified Cal Grant GPA by the deadline
- be a U.S. citizen or an eligible noncitizen
- be a California resident now and at the time of high school graduation
- attend a qualifying California college
- meet any minimum GPA requirements
- have a Social Security number
- have family income and assets below established ceilings
- demonstrate financial need at his or her college
- be in a program leading to an undergraduate degree or certificate
- be enrolled at least half time
- not have a bachelor's or professional degree before receiving a Cal Grant (except extended Cal Grant A or B awards for a teaching credential program or other eligible five-year programs)
- have registered with the U.S. Selective Service (males ages 18-25)
- not owe a refund on any state or federal grant or be in default on a student loan

California Residency

Unmarried students under age 18 are legal California residents if a parent is a legal California resident as of the application deadline for the state aid program, or they have lived in California for two years with a responsible nonparent adult who is a legal California resident as of the application deadline.

Students whose parents are living out of the country are considered California residents if:

- they are under the age of 18 and have been living under the direct care and control of a California resident for at least two years as of the application deadline for the state aid program, or
- their parents have maintained their California residency during their absence from the state, or
- one of their parents is in the U.S. Armed Forces, stationed in California and on active duty as of the first day of their college class.

All married students, regardless of their age, and all unmarried students 18 or older must establish their own residency. If students will be 18 years old as of the application deadline for the state aid program, they must have lived in California for at least one year immediately before this date to be considered a California resident.



Cal Grants At a Glance

Cal Grants A and B

Cal Grants A and B are for students who are pursuing an undergraduate degree or selected career training, or who are completing undergraduate course work required for a professional degree for which no bachelor's degree is awarded. They may be applied to an international (study-abroad) program if it is officially registered at a California campus.

Students who qualify for both a Cal Grant A and B should weigh the advantages of each before choosing one.

Cal Grant A

- tuition and fees at four-year colleges (up to \$6,636 at a University of California campus, up to \$2,772 at a California State University campus and up to \$9,708 at independent colleges for 2007-08)
- requires a GPA of at least 3.0
- course of study must be for at least two academic years

Cal Grant B

- provides a living allowance of up to \$1,551, in addition to tuition and fee assistance in the same amounts as those for Cal Grant A
- most first-year students receive only the living allowance which may be used to pay living expenses, books, supplies and transportation, as well as tuition and fees
- a very limited number of first-year students who have exceptional financial need and a high GPA and who are among the most disadvantaged applicants may receive both the living allowance and the tuition and fee award (these students will receive a second California Aid Report)
- when renewed or awarded beyond the first year, students may receive the living allowance of up to \$1,551 as well as the tuition and fee award (same amounts as Cal Grant A)
- requires a GPA of at least 2.0
- course of study must be for at least one year

Cal Grant C

Cal Grant C is for students who are pursuing a career or technical education. Course work must lead to a recognized career goal—a diploma, associate degree, license qualification or certificate—which indicates at least an entry-level job skill.

Here is a quick look at Cal Grant C:

- up to \$576 for training-related costs, including required tools, special clothing, books, equipment and supplies
- up to \$2,592 in tuition assistance for those who attend a school other than a California Community College
- course of study must be at least four months
- funding is available for up to two years, depending on the length of the program; if students maintain satisfactory academic progress
- may be used to take selected courses at a community college, independent or private career colleges, or selected hospital-based programs
- transferable to another Cal Grant C-eligible school

Cal Grant Transfer Entitlement

These Cal Grants are for community college students who will be transferring to a four-year college and who did not receive a Cal Grant within one year of graduating from high school. To qualify, students must:

- have graduated from a California high school after June 30, 2000, and have been a California resident when they graduated from high school
- have at least a 2.4 community college GPA (of at least 24 semester units or the equivalent), meet the Cal Grant eligibility requirements, be under 28 years old as of December 31 of the award year, and apply by the March 2 deadline before the fall term when they plan to transfer

Students should also be sure to register with their community college's Transfer Center to make sure they meet the admissions requirements for the college to which they will be transferring and to make the most of their financial aid awards.

WHAT'S THE DIFFERENCE BETWEEN "Entitlement" and "Competitive" Cal Grants?

Cal Grant A and B **Entitlement** awards are guaranteed for every high school senior who has at least a 2.0 GPA, meets the requirements and applies on time—by March 2 of his or her senior year or the year following graduation. The guarantee extends to California Community College students who graduated from a California high school after June 30, 2000, who were California residents when they graduated, and who meet the Cal Grant requirements when they transfer to a four-year college.

Other students who are eligible for a Cal Grant but are not high school seniors or recent graduates may compete for a Cal Grant A or B **Competitive** award. These awards are the same as Cal Grant Entitlement awards except that they are not guaranteed. A limited number of Competitive awards are available—half are set aside for students who apply by the March 2 deadline and meet the requirements, and half are for California Community College students who meet the requirements and apply by the September 2 deadline. The eligibility requirements for the Cal Grant Competitive awards are geared toward nontraditional students and take into account not only GPA, but also time out of high school, family's income, parents' educational levels, high school performance standards and other factors, such as whether the student comes from a single-parent household or was a foster youth.

Tip

Some California colleges require students to apply for a Cal Grant before considering them for other federal and college-based student aid.

How to Apply: The FAFSA + Verified Cal Grant GPA

Students apply for a Cal Grant by submitting the FAFSA to the federal processor and their verified Cal Grant GPA to the California Student Aid Commission no later than the March 2 postmark (and electronic submission) deadline. GPAs must be certified by the high school, but once certified, they may be sent electronically by high schools or mailed by students or high schools.

High school students must apply for a Cal Grant A or B Entitlement award between January 1 and March 2 of their senior year, or within one year of graduating or receiving their GED.

Students who plan to attend a California Community College in the fall should also apply for a Cal Grant by March 2, even though they have a second deadline of September 2. The number of Cal Grant Competitive awards available for those who apply by September 2 is very limited, so encourage all your students to meet the March 2 deadline.

Cal Grant GPA Verification Form Online

The Cal Grant GPA Verification Form is available online at www.calgrants.org (select "Forms and Deadlines") or www.csac.ca.gov (select "GPA Verification Form"). The form can be filled in online or, if students prefer, they can print the form and fill it in by hand. In both cases, students must give their form to a school official to complete the GPA information before mailing it to the Commission.

You can still upload large numbers of GPAs at one time or input just a few using WebGrants, or go online and complete a form for each student and then print and mail them to the Commission.

Cal Grant Supplement

Students who are eligible for acceptance at the first Cal Grant C-eligible school listed on their FAFSA will receive a Cal Grant C Supplement form as part of the competitive application process. The Supplement must be completed by the student, endorsed by the appropriate school representative or the student's employer, and returned to the Commission by the deadline. Supplements are scored with an emphasis on educational background, vocational experience, aptitude and an endorsement from a professional. Additional points come from the student's GPA. A counselor's review of the completed Supplement is recommended.

Cal Grant Income and Asset Ceilings

All students are encouraged to apply for a Cal Grant, even if their family's income and assets are above the ceilings, or maximum amounts. Many things can happen between the time students submit their FAFSA and the start of school that can change a family's situation, including a medical emergency, job loss or other hardship.

Income includes the student's or family's total taxable and nontaxable income, as reported on the FAFSA. Home equity, retirement savings and certain other assets are not reported on the FAFSA and so are not counted. Cal Grant income and asset ceilings are adjusted each year. Ceilings for 2008-09 will be available in November 2007 at www.csac.ca.gov.

GPA E-Mail Reminder

Those students who submit a complete FAFSA by the end of January but who do not have a verified Cal Grant GPA on file will receive an e-mail from the Commission reminding them to submit their GPA by the March 2 deadline.

The e-mail asks students to follow up with their school to make sure the Commission receives their verified GPA by March 2—either electronically or on the Cal Grant GPA Verification Form.

The e-mail acknowledges that some schools may be in the process of submitting GPAs electronically but encourages students to still follow up with their school. If your school submits GPA data for all your students at one time, we encourage you to do so early to reduce the number of last minute inquiries from students.

TOLL-FREE LINE HELPS STUDENTS TRACK APPLICATIONS NOW, AWARDS LATER

Students can call toll free 888.224.7268 anytime, select from a menu of options and listen to an update regarding their Cal Grant or Chafee Grant application. They can learn the status of their FAFSA or verified Cal Grant GPA, whether they received a grant, and if so, the amount of their award. If they still have questions and are calling during business hours, they can request to be transferred to a student support representative.

WEBGRANTS FOR STUDENTS

For fast answers to questions about their Cal Grant or Chafee Grant application or award, students can use WebGrants for Students at www.csac.ca.gov or www.calgrants.org. When they first log on, they will be invited to set up their own secure account which they can then use any time, around the clock, during the application process, and for as long as they have a Cal Grant or Chafee Grant. Students can also see if their GPA has been received, print a copy of their California Aid Report, review any Cal Grant payments that have been posted by their school, and make a change of address or school.

Missed the March 2 deadline?

- 0 Students who miss the March 2 Cal Grant deadline
- 0 should still submit their GPA to the Commission
- 0 by the September 2 deadline
- 0 and may still be eligible for a Cal Grant
- 0 if they meet the other requirements

The High School Exit Exam

The California High School Exit Exam, or CAHSEE, is a graduation requirement for California public high school students. Most students must pass the exit exam to be eligible for a diploma.

To qualify for a Cal Grant Entitlement award, students must be a high school graduate or the equivalent. They should submit the FAFSA and their verified Cal Grant GPA whether or not they have passed the CAHSEE. If they do not pass the exam (and they were required to do so), they cannot be considered for a Cal Grant Entitlement award, but they can be considered for a Cal Grant Competitive award.

More Time to Meet Requirement

High school seniors now have until December 31 of the award year to pass the CAHSEE and complete their high school graduation requirement to be considered for a Cal Grant Entitlement award. Students who meet this deadline—and who meet all the other Cal Grant requirements—could start receiving their Cal Grant benefits the next school term. Students who are otherwise eligible for the Cal Grant Entitlement award but who do not meet the high school graduation requirement by December 31 will need to reapply by the following March 2 application deadline.

If you know of students who may have become eligible for a Cal Grant Entitlement award during the summer or fall by meeting the high school graduation requirement and successfully completing the CAHSEE, please have them write a letter of appeal asking the Commission to reconsider their Cal Grant application. They should include proof of their high school graduation, or its equivalent, with their letter.

Graduation Certification Form

Before colleges can disburse funds to new Cal Grant Entitlement recipients, the Commission must have on file confirmation from the student's high school or college that the student graduated from high school. Students who do not have a school certification on file will be asked to self-certify by using WebGrants for Students or completing the California High School Graduation Certification Form (form G-8).

Colleges that currently require proof of high school graduation as part of their admissions process will be allowed to forward the information to the Commission using WebGrants. High schools must use the School of Origin Report to indicate students who have not completed all graduation requirements as of the time they file the report. The form can be downloaded from WebGrants. If you have any questions, contact School Support Services toll free at 888.294.0153.

Renewing Cal Grants

To continue receiving their Cal Grant, students must complete the FAFSA each year, but they do not need to submit their verified Cal Grant GPA. Their financial aid eligibility will be evaluated by the campus they will be attending, and they should be sure to list that college on their FAFSA.

If students will be transferring to another college, they must notify the Commission using the Grant Record Change Form for Students (form G-10) or the Renewal Recipient Change Form attached to the Cal Grant renewal letter, or they may ask their school to notify the Commission directly.

Cal Grants will be renewed if students show financial need of at least \$100. In addition, students must have maintained satisfactory academic progress (attended classes regularly and kept their grades up), remained eligible for their academic or vocational program. In addition, the Commission must have received appropriate payment transactions from the school.

Dollar amounts for Cal Grant awards may be adjusted each year if a student's eligibility for financial aid changes or if state budget allocations for financial aid change.

Students may receive Cal Grant A and B awards for up to four years if they are awarded for the students' first year. Cal Grant B recipients who attend a college other than a California Community College will have their award increased to cover all or part of the cost of tuition and fees, in addition to living expenses, after completing their first year of college.

Cal Grant C awards may be continued for a second year without a formal renewal process for students who have not completed their course of study.

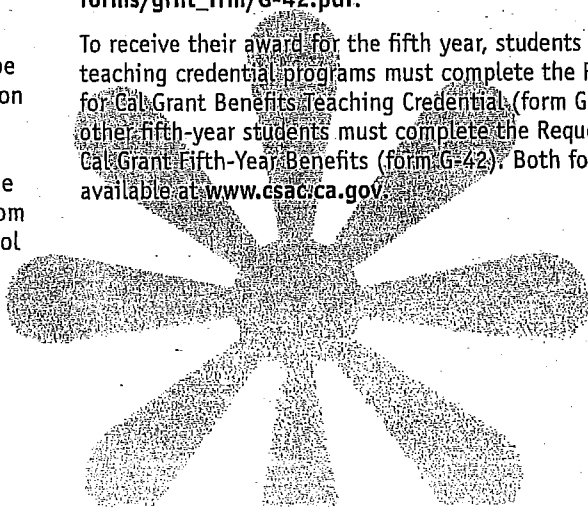
Fifth-Year Cal Grant Awards

Students enrolled in specialized degree programs that require five years or in teaching credential programs may receive their award for up to five years. To qualify for this additional year, the program must be designated by the college and recognized by the Commission as a mandatory five-year program. For a list of designated five-year programs, go to www.csac.ca.gov/pubs/forms/grnt_frm/G-42.pdf.

To receive their award for the fifth year, students in teaching credential programs must complete the Request for Cal Grant Benefits Teaching Credential (form G-44); other fifth-year students must complete the Request for Cal Grant Fifth-Year Benefits (form G-42). Both forms are available at www.csac.ca.gov.

Tip

Students who receive a Cal Grant are placed at the educational level verified by the college where they receive their first grant payment. Their remaining eligibility will be established accordingly. For instance, first-year students would receive funding for four years if they continued to meet the requirements.



Using Cal Grants Wisely

Reserve Grants

Students who receive a Cal Grant A award but choose to attend a California Community College first will have their award reserved for up to three years until they transfer to a four-year college. (To reserve their award for the third year, they must make their request in writing.) Those who list a California Community College on their FAFSA as their first California college will automatically have their Cal Grant A held in reserve.

To activate their Cal Grant A Reserve Grant (also called a Community College Reserve Grant), students must notify both the California Student Aid Commission and their four-year college before transferring. Their grants will not be activated automatically.

Cal Grant B recipients may use their living allowance to pay for books, housing, food and other costs while attending a community college. The tuition and fee component of their award will be held in reserve because they will qualify for a community college fee waiver. In addition, community colleges do not charge tuition.

To receive their Cal Grant Reserve Grant, students must be certified as having financial need at their four-year college at the time they transfer and have remaining Cal Grant eligibility.

For every year they attend full time, students will be using a year of Cal Grant eligibility. Generally, students use two years at a community college and the last two years of eligibility at a four-year school. If students remain at community college for three years, they must contact their college's financial aid office about requesting a leave of absence no later than the first day or two of their third year of college. The leave of absence allows students to put their award on hold for one school year. (To continue receiving a fee waiver for the third year, they must complete the fee waiver application.)

Leave of Absence

Cal Grant recipients who postpone college, or who will not be attending at least half time during part of the school year, must request a Cal Grant leave of absence. This policy is especially important for students who will be taking longer than four years to complete their education.

Students may leave their award on hold for up to one academic year, although exceptions may be granted through the Commission's appeal process. Students who are on active duty in the U.S. Armed Forces may have their Cal Grant award deferred for up to three years by completing a G-12 Deferment Request Form, available at www.csac.ca.gov.

As long as students attend the minimum number of required terms each year, their Cal Grant will be eligible for renewal. Students attending semester colleges must attend at least one semester per year; those at colleges on the quarter system must attend at least two quarters per year.

Students whose colleges report partial or full payment for a term in which they eventually request a leave of absence will have their eligibility for future benefits reduced accordingly.

Calculating Cal Grant GPAs

Grade point averages for Cal Grant eligibility are calculated on a 4.00 scale (to two decimal places) and include failing grades for courses that have not been repeated before the verified Cal Grant GPA is submitted. (For repeated courses, the last grade received must be included, even if it is lower than the original grade.) Extra weight is not added for honors or advanced placement classes. Schools must calculate Cal Grant GPAs using the same method for all their students.

Current high school seniors: All grades from sophomore and junior years that count toward high school graduation, except those for physical education, Reserve Officers Training Corps and remedial courses (any course work that is not counted toward high school graduation); and summer school grades earned following sophomore and junior years.

High school graduates: All grades from sophomore, junior and senior years of high school, including summer sessions, that count toward graduation, except those for PE, ROTC and remedial classes.

College students: For students who have completed at least 24 degree-applicable semester units, 36 quarter units or the equivalent at any postsecondary institution, their Cal Grant GPA will be calculated using grades from all college course work completed as of the date their college certifies their GPA.

Re-established GPA

To improve or re-establish a GPA to apply for a Cal Grant B award only, students may use their California Community College GPA instead of their high school GPA if it is higher and at least 2.0. The GPA must be based on at least 16 but less than 24 cumulative degree-applicable semester units of degree credit of academic course work taken at a California Community College.

Students Without GPAs

Students who were home-schooled, graduated from a school that does not provide grades or who attended a school that is not accredited by a regional accrediting agency or does not have a course list approved by the University of California, must submit their GED, SAT or ACT test score. Students who have a GPA that is more than five years old may also submit their SAT or ACT score.

Copies of official test scores must be submitted with the paper Cal Grant GPA Verification Form—they may not be submitted on CD-ROM or by other electronic means. Students should be sure to take their required tests early enough so that their results can be submitted to the Commission no later than the Cal Grant deadline.

Submit Verified GPAs for All Your Students

You are encouraged to use WebGrants to submit verified GPAs for all your graduating students, as well as for students who graduated the previous year. It is never to any student's disadvantage. For Cal Grant C, even GPAs below 2.0 will contribute points toward a student's overall score for an award.

If you submitted a GPA for a high school senior using only sophomore and junior year grades, but the student did not receive a Cal Grant, the GPA can be calculated including senior year grades and submitted for the September 2 application deadline, or the March 2 application deadline the following year.

All students who are applying for a Cal Grant Entitlement award have the opportunity to make corrections to their GPA if it was calculated incorrectly. Corrections, however, can be made based only on those grades that would have been available at the time of the March 2 deadline. After March 2, students can submit a new GPA (not a correction) by the September 2 deadline to be considered for a Cal Grant Competitive award using additional completed course work. Students who wish to be reconsidered for a Cal Grant Entitlement award must reapply by March 2 of the year following graduation.

GPA Verifications Dos and Don'ts

If your school submits verified Cal Grant GPAs electronically to the Commission, your students do not need to submit their own GPA Verification Form. If your school does not do so, your students will need to submit their own verified Cal Grant GPA using the paper Cal Grant GPA Verification Form, available online at www.calgrants.org and www.csac.ca.gov.

Verified GPAs must be submitted to the Commission by March 2 (or by September 2 for students who make a late college decision and plan to attend a California Community College), whether they are submitted on CD-ROM, paper or electronically.

To avoid the most common GPA verification errors, be sure to:

1. Complete and sign the school certification ("For School Use Only" section).
2. Include the student's Social Security number. Without one, or with an incorrect one, verified Cal Grant GPAs cannot be matched to FAFSAs.

Forms with these mistakes will not be accepted.

The Commission will accept GPAs only from high schools that are currently accredited by the Western Association of Schools and Colleges. If your school is not currently WASC accredited, your students must submit a GED, SAT or ACT score to the Commission by the March 2 Cal Grant application deadline.

Use WebGrants to Report GPAs

Reporting your students' GPAs electronically is now easier than ever with WebGrants.

Schools that submit GPAs through WebGrants can verify that the GPAs were processed by the Commission by viewing the GPA Summary Report accessible on the Report Download Page on the Data Transfer menu. This report is a list of all GPAs certified and processed for the application year.

If your school is not using WebGrants, sign up today. To receive a user ID and password for WebGrants, please complete the WebGrants High School System Administrator's Access Request Form (form 01-S002) and the WebGrants Information Security and Confidentiality Agreement (form 01-S001). These forms are available at www.csac.ca.gov (click on "Schools").

You will find a User guide on the WebGrants page (click on Help) with step-by-step instructions. For assistance or questions regarding WebGrants, please e-mail the Commission's Help Desk at casacnelpdes@csac.ca.gov or call toll-free 888-294-0153 or 916-526-8989.

The Commission also offers training sessions via Webcast in January and February. If you would like to learn how the electronic GPA upload process works.

All GPAs received for the March 2 deadline will be carried over for the September 2 Cal Grant competition. If you have students whose GPAs will change because they include senior year course work, you will need to certify and submit the new GPA.

Concerned about the release of GPA information due to privacy issues?

You will find authorization forms (Cal Grant GPA Information Release Form G-28) that release you from confidentiality issues pertaining to Social Security numbers at www.csac.ca.gov (select "Schools", then "High Schools", then "GPA Verification Information", then "GPA Release Form").

Appeals for Late GPAs

Cal Grant Entitlement applicants who were unable to submit their verified Cal Grant GPAs until after the March deadline because of circumstances beyond their control can now appeal their Cal Grant denial. To receive consideration, students must have submitted the FAFSA by the March 2 deadline. To appeal, students must submit a completed Late GPA Explanation Form to the Commission explaining the circumstances beyond their control which prevented them from submitting their verified GPA by the deadline. The Commission will send applicants the form.

These students will also need to have their Cal Grant GPA verified using the Late Cal Grant GPA Verification Form, which can be downloaded from www.csac.ca.gov/doc.asp?id=1298. The Commission must receive both forms by May 16, 2008.

Students whose appeals are accepted will be notified by the Commission in July. The GPAs for those students whose appeals are not accepted will be kept for the September 2 Cal Grant award selection. Schools continue to have the option to appeal on behalf of students.

Tip

Your school or your students may submit verified Cal Grant GPAs to the Commission starting November 1 and up to the March 2 Cal Grant deadline. The Commission begins making new Cal Grant Entitlement awards for the upcoming school year as early as January for qualified students who have submitted both the FAFSA and their verified Cal Grant GPA.

California Aid Report

Students who submit the FAFSA and their verified Cal Grant GPA by the March 2 deadline will receive a California Aid Report, if they are selected for an award. The CAR is a letter from the California Student Aid Commission with an estimate of their Cal Grant award and a listing of up to three California colleges at which they can use their Cal Grant (the first three California colleges out of the colleges they listed on the FAFSA). Their college will verify their Cal Grant eligibility and the award amount. If students need to make corrections, such as a college change, they should use the New Recipient Change Form that came with their letter or go to WebGrants for Students at www.csac.ca.gov or www.calgrants.org.

The Cal Grant ID number located at the top of the report indicates the type of grant—numbers beginning with an “E” are Entitlement grants and those beginning with a “C” are Competitive grants. (Students may be asked for their Cal Grant ID number later for identification purposes, so they should keep their CAR handy.) They will also receive material explaining their rights and responsibilities as a Cal Grant recipient. Students should review their CAR (or corrections letter) for accuracy and respond promptly if necessary.

Students who submitted both the FAFSA and their verified Cal Grant GPA but were not awarded a Cal Grant will receive a letter explaining why. Those who submitted only the FAFSA and no GPA—and are not pursuing a career or technical education—will not receive a letter because they did not meet the Cal Grant application requirements.

Students who are pursuing a career or technical education are not required to submit their verified GPA, but they are encouraged to do so. These students will receive a letter and a Cal Grant C Supplement form to complete.

Students who plan to attend a California Community College in the fall and submitted both the FAFSA and their verified Cal Grant GPA by the September 2 deadline will receive a letter in early October with information on their eligibility for a Cal Grant.

Student Aid Report Corrections

Cal Grant Entitlement Award High school seniors or recent graduates who are applying for a Cal Grant Entitlement award should submit their FAFSA and verified Cal Grant GPA early so that they can review their SAR and make any corrections, if needed, as early as possible. However, those students whose SAR is incomplete or has errors may have an opportunity to correct the information after the deadline. GPA corrections from schools are also allowed. Since early notification of financial aid eligibility is desirable, students must carefully review and update their SAR and promptly respond to any correspondence from the Commission on the status of their application. Entitlement Cal Grant consideration will be put on hold for students who do not list a California college, do not list California as their state of residence, leave the question blank or indicate residency outside than California.

Students who make corrections to these questions by indicating they are California residents will be re-considered for an Entitlement Cal Grant award.

Cal Grant Competitive Award Students who are not high school seniors or recent graduates should submit their FAFSA as soon as possible starting January 1 so they will have enough time to make corrections, if necessary, and have a corrected SAR on file with the Commission by the March 2 deadline. These students do not have an opportunity to correct or update their SAR if they have not done so before the March 2 deadline unless they plan to attend a California Community College in the fall. Students attending a community college may make corrections and then participate in the selection process for September 2 deadline applicants.

The Cal Grant Appeals Process

Students who were not offered a Cal Grant may choose to appeal the decision to the Commission. Submitting an appeal, however, does not guarantee an award. If students believe any mistakes on their SAR or CAR were the result of an action by the Commission or their school, they should write to the California Student Aid Commission, Student Support Services Branch, P.O. Box 419027, Rancho Cordova, CA 95741-9027.

If students wish to appeal a decision, or if schools wish to appeal on behalf of a student, they should send any Grant Record Change Forms for Schools (form G-21), Application Correction Forms (form G-23), GPAs, rosters, copies of FAFSAs, copies of all appropriate SARs and other materials to the California Student Aid Commission, Student Support Services, P.O. Box 419027, Rancho Cordova, CA 95741-9027. Information can now be completed and submitted electronically by the college's financial aid office on the Commission's WebGrants Web site under “Grant Record Changes.”

The Commission will not consider any requests received directly from students who report changes to their financial circumstances. Students must submit any financial changes to their school. The school must then report the changes using WebGrants or the Commission's G-21 form.

In addition, students who submit their FAFSA and verified Cal Grant GPA by the March 2 deadline, but who do not receive a letter from the Commission by April 30, or who have questions regarding their status, should visit WebGrants for Students or call 888.224.7268 for assistance.

For more information about the appeals process, you may call the Commission's designated toll-free line for schools at 888.294.0153. The toll-free line for students is 888.CA.GRANT (888.224.7268).

Due to privacy requirements, the Commission does not accept appeals that are submitted by e-mail.

Tip

Students who submitted both the FAFSA and their verified Cal Grant GPA by the March 2 deadline but do not receive a California Aid Report or a letter by April 30 or those who have questions should go to WebGrants for Students at www.csac.ca.gov or www.calgrants.org or call 888.CA.GRANT or e-mail studentsupport@csac.ca.gov.

Cal Grant Manual

Table of Contents

Chapter 1 About the California Student Aid Commission

- 1.1 Commission History
- 1.2 Membership Meetings, Executive Director, Committees

Chapter 2 Institutional Eligibility

- 2.1 Overview
- 2.2 Documenting Institutional Eligibility
- 2.3 Institutional Participation Requirements
- 2.4 College Cost Estimates
- 2.5 SEARS Survey
- 2.6 Change of Ownership or Participation Requirements
- 2.7 Consortium Agreements
- 2.8 Cal Grants for Attendance Outside California
- 2.9 Distance Learning Programs and Cal Grants
- 2.10 WebGrants Participation

Chapter 3 Program Descriptions and Eligibility

- 3.1 General Cal Grant Eligibility
- 3.2 Cal Grant A
- 3.3 Cal Grant B
- 3.4 Cal Grant C
- 3.5 Cal Grants for approved, mandatory five-year undergraduate programs
- 3.6 Cal Grant A and B awards for use in Teaching Credential Programs
- 3.7 Cal Grant T
- 3.8 Specialized Programs

Chapter 4 The Cal Grant Application Process

- 4.1 Applying for a Cal Grant
- 4.2 Types of Grade Point Averages
- 4.3 Calculating Grade Point Averages
- 4.4 Submission of Grade Point Averages
- 4.5 Submitting Test Scores
- 4.6 Completion of the Free Application for Federal Student Aid (FAFSA)
- 4.7 Cal Grant C Supplement
- 4.8 Enrollment Disk for September Deadline – Community Colleges

Chapter 5 Cal Grant Award Selection Process

- 5.1 Overview
- 5.2 Cal Grant A & B Selection
- 5.3 Student Notifications
- 5.4 School Notifications
- 5.5 Cal Grant C Selection Process
- 5.6 September 2 Competitive
- 5.7 Correction and Appeal Process



CALIFORNIA
STUDENT AID
COMMISSION

Cal Grant Manual

Table of Contents

Chapter 6 Renewal of Cal Grant Awards

- 6.1 Commission's Renewal Process
- 6.2 Notification to the Student
- 6.3 Notification to Schools
- 6.4 School Determination of Renewal Eligibility

Chapter 7 Program Administration

- 7.1 Award Types
- 7.2 Payment Periods for Non-traditional Based Schools
- 7.3 Using Eligibility in the Cal Grant Programs
- 7.4 Award Activation
- 7.5 Report Activation

Chapter 8 Cal Grant Program Payments

- 8.1 Confirming Cal Grant Eligibility
- 8.2 Educational Level (EL) Verification
- 8.3 Reporting Payments to the Commission
- 8.4 Reporting Need
- 8.5 Grant Roster Adjustment Reason Codes
- 8.6 Leave of Absence
- 8.7 Summer Enrollment
- 8.8 Revising Payments
- 8.9 Refunds

Chapter 9 Cash Management and Disbursement

- 9.1 Cal Grant Funding Process
- 9.2 Delivery of Funds
- 9.3 Institutional Cash Management
- 9.4 Disbursement of Funds
- 9.5 Year-end Process

Chapter 10 The Cal Grant Reconciliation Process

- 10.1 The Reconciliation Process
- 10.2 Weekly Reconciliation
- 10.3 Monthly Reconciliation
- 10.4 Year End Reconciliation
- 10.5 WebGrants Reconciliation Reports

Chapter 11 Compliance Review

- 11.1 Compliance Review Purposes and Methods
- 11.2 Areas of Review
- 11.3 Review Process

Chapter 12 Commission Communications

- 12.1 Commission Web Site
- 12.2 Commission Publications
- 12.3 Outreach and Training
- 12.4 Calendar, Division Hours and Contact Information

1 About the California Student Aid Commission

The Commission Vision Statement

Toward a California that invests in educational opportunity, fosters an active, effective citizenry and provides a higher quality of social and economic life for its citizens.

The Commission Mission Statement

Making education beyond high school financially accessible to all Californians.

1.1 Commission History

The California Student Aid Commission (Commission) was created by state law in 1955 as the California State Scholarship Commission. The new agency's primary mission was to oversee the California State Scholarship program, the forerunner of today's Cal Grant program. Since that time, the Commission has grown to administer grant, loan assumption and work study programs that total more than 700 million dollars for 2003-04.

Loan Guaranty Agency

The Commission is also the state's designated student loan guaranty agency for the Federal Family Education Loan (FFEL) Program. EDFUND was created in 1997 as a nonprofit 501(c)(3) public benefit corporation to provide loan services under FFEL on behalf of the Commission. The FFEL program is authorized under Title IV of the federal Higher Education Act of 1965.

These loan programs are the Federal Stafford Loan Program, Parent Loans for Undergraduate Students (PLUS) and Consolidation loans.

The Commission now provides loan guarantee services through EDFUND in excess of \$3.5 billion annually, providing educational opportunity to students in all segments of postsecondary education. Over one million students annually benefit from the Commission's important and varied financial aid programs. (C.E.C. 69431, 69432, 69671(a))



Policy Leadership Role

The Commission has a responsibility to provide leadership on financial aid issues and to make public policy recommendations concerning financial aid programs. To meet these responsibilities, the Commission collects information on student financial aid issues, evaluates the effectiveness of its programs, conducts research assessing California's financial aid needs, engages in long range planning as a foundation for program improvement, and disseminates information to parents, students, California educational institutions, the California Legislature and the Governor.

1.2 Membership, Meetings, Executive Director, Committees Commission Members

Governor Appointees- The California Student Aid Commission consists of 15 members. The Governor, with a two-thirds consent of the Senate, appoints eleven Commission members. By law, these appointments must include:

- ▶ three representatives from the general public;
- ▶ one representative from a California secondary school;
- ▶ two representatives, each of whom must be a student enrolled in a California postsecondary educational institution (in different segments at the time of appointment);
- ▶ one representative from the University of California;

Chapter 1

- ▶ one representative from the California State University;
- ▶ one representative from the California Community Colleges;
- ▶ one representative from a California independent college or university; and
- ▶ one representative from a public, proprietary or nonprofit California postsecondary school

Assembly and Senate Appointees- The Speaker of the Assembly appoints two Commission members and the Senate Rules Committee appoints two members. These members represent the general public. (C.E.C. 69510 (a-h))

Most Commission members are appointed to four-year terms, unless they are filling a vacant, unexpired term. In that case, they complete the remainder of the unexpired term. Student members serve two-year terms. (C.E.C. 69511 (a))

ScholarShare Investment Board- One member of the Commission is appointed by the Governor to serve on the investment board of the Golden State ScholarShare Trust. ScholarShare is California's federal and state tax-free 529 college savings program administered by the State Treasurer's Office.

Commission Meetings, Correspondence

Commission meetings are usually held six times annually and the meetings are open to the public. (C.E.C. 69513, 69513.1 and 69513.5)



Letters and informational materials addressed to Commission members may be sent to the address in Chapter 12.

Executive Director

The Executive Director is the Commission's chief executive officer and is appointed by and serves at the pleasure of the Commission. The Commission may delegate authority to the Executive Director to sign contracts and carry out the policies and regulatory directions of the Commission and

conduct the day-to-day business of the Commission. The Executive Director and Commission staff welcome public participation in all student financial aid matters.



Grant Advisory Committee


The Grant Advisory Committee advises the Commission on program funding and policy issues. All major proposed or planned program changes are brought to this committee for review and advice. In addition, the committee typically reviews and comments on reports to the Legislature. Technical and operational issues are directed to standing or ad hoc committees that work with Commission staff.

The Committee consists of 20 members:

- ▶ ten school representatives: two from each segment*;
- ▶ five students: one from each segment;
- ▶ a California Association of Student Financial Aid Administrators (CASFAA) representative;
- ▶ a representative of the California Postsecondary Education Commission; and
- ▶ three K-12 school representatives, one of whom must be a high school counselor.

*These segments include the University of California, the California State University, the California Community Colleges, private nonprofit postsecondary education institutions, and private for-profit postsecondary education institutions.

The Commission makes Committee appointments based on recommendations and nominations received from each group listed. Committee members meet up to six times a year. As with Commission meetings, Grant Advisory Committee meetings are open to the public. Agenda items are typically presented as action items at subsequent meetings. The Grant Advisory Committee was created by procedures of the Commission and is not mandated by state law.

 Letters and informational materials addressed to any advisory committee members may be sent to the address shown in Chapter 12.



Loan Advisory Council

Reviews the activities and policies of the Federal Family Education Loan Program and advises the Commission of its findings and recommendations.

Loan Advisory Council Representation- The Council consists of 17 members, all appointed by the Commission. They are:

- Four representatives from the lending community participating in the Federal Family Education Loan Programs
- Five school representatives, one from each of the five postsecondary segments
- Five student representatives, one from each of the segments listed above
- One representative from CASFAA
- One representative from a secondary market participating in the Federal Family Education Loan Programs
- One representative from the California Lenders for Education (CLFE)

In addition to the members appointed to the Loan Advisory Council by the Commission, the United States Education Department may appoint one nonvoting representative who serves as liaison between the Department and the Council.



Cal-SOAP Advisory Committee

Reviews the activities and policies of the Cal-SOAP Program and recommends to the Commission policies and programs to increase the participation rates and success of students who enter a postsecondary institution, and who, because of their economic and or academic circumstances, are unlikely to pursue college opportunities without academic, financial, and advisement assistance.

Cal-SOAP Advisory Committee

Representation- The Committee consists of members who represent:

- The Student Aid Commission
- Independent California Colleges and Universities
- California Department of Education
- California Postsecondary Education Commission
- California Community Colleges
- California Department of Education
- California Postsecondary Education Commission Student
- Senate Rules Committee
- California State University
- California Postsecondary Education Commission Student
- Assembly Speaker
- University of California
- Commission Member

2 Institutional Eligibility

“A school's eligibility to participate in the Cal Grant programs is approved for the specific locations included in the IPA and does not automatically carry over to branch campuses or other off-site classroom locations.”

2.1 Overview

To be eligible to release Cal Grant funds to participating students, a school location must be providing instruction in California, complete a Cal Grant *Institutional Participation Agreement* (IPA), and be:

- ▶ a public postsecondary educational institution, *or*
- ▶ approved by the U.S. Department of Education (USED); participate in and administer the Federal Pell Grant program; and participate in at least two of the three federal campus-based student aid programs, *or*
- ▶ a nonprofit institution accredited by the Western Association of Schools and Colleges headquartered and operating in California with 10 percent of the school's operating budget expended for the purpose of institutional grant aid, as demonstrated in an audited financial statement.

The school must also demonstrate the ability to administer the Cal Grant funds and must meet such other standards as are adopted by regulation by the Commission in consultation with the State Department of Finance.

For the second item above, participation in the Federal Pell Grant program and in campus-based programs means the school has applied for and has been allocated program funds, and is spending those funds for the applicable fiscal years. The campus-based programs include Federal Work-Study, Federal Perkins Loans, and the Federal Supplemental Educational Opportunity Grant program (FSEOG). [C.E.C. 69432.7 (1)] Participating schools must sign a Cal Grant IPA listing all branch campuses that will participate. (See Appendix C.)



Institution Location

A school's eligibility to participate in the Cal Grant programs is approved for the specific locations included in the IPA and does not automatically carry over to branch campuses or other off-site classroom locations. In the event a school offers instruction at another location, or if the school opens another campus, the school must contact the California Student Aid Commission (Commission) to determine how this may affect Cal Grant participation for the new location(s). Although the extension of Cal Grant eligibility for the new location may not be complex, institutions must not assume that in all cases eligibility to a new campus will be established. Cal Grant participant eligibility is not automatic at branch and other off-site classroom locations.

California Campus?

Institutions that have administrative facilities outside of the state may still have an eligible California campus or site. The actual educational facilities and the personnel who determine eligibility and disbursement must be located on the California campus. Common ownership of several campuses is not a consideration when determining whether a campus can be considered a California school. It is acceptable for some administrative facilities to be located outside of the state, but local campus administrative capability must be demonstrated.



Schools that wish to add a campus or branch for Cal Grant eligibility must contact the Grant Operations Branch of the Grant Services Division. Depending on the status of the campus, another IPA may be required. Schools should contact the Commission early regarding new

Chapter 2, Institutional Eligibility

campus branches to allow time to establish the new location's program participation.

A qualifying institution, or a specific site of an otherwise qualifying institution, *shall be deemed disqualified if it no longer possesses all of the requirements* for a qualifying institution. Branch campuses are not Cal Grant-eligible unless they meet all of the requirements listed above. An institution that is disqualified pursuant to Part 600 of Title 34, Code of Federal Regulations, shall not be considered a "qualified institution." A disqualified institution may re-establish eligibility by complying with C.E.C. section 69432.7(l).

2.2 Documenting Institutional Eligibility

To initiate institutional participation in the Cal Grant programs, a school official must contact the Grant Operations Branch of the Commission, complete, then sign and submit a Cal Grant IPA. This document specifies the requirements for institutional participation in the Cal Grant programs. The IPA is periodically revised to encompass regulatory, policy and processing changes to the Cal Grant programs.

To document eligibility, the Commission reviews institution data from the Postsecondary Education Participants System (PEPS), along with information provided by the school. The following outlines the items that are reviewed *From PEPS data, a copy of:*

- ▶ the Detailed School Report from the USED
- ▶ the school's Eligibility & Certification Approval from the USED
- ▶ the institution's state legal accreditation authorization

Sent by the school:

- ▶ the school's existing disbursement and institutional refund policies, as outlined in Chapter 9

- ▶ audited financial statements (for at least the two most recently completed fiscal years)
- ▶ an audited balance sheet showing the financial condition of the institution at the time of application for participation
- ▶ the school's final authorization notice of funding for allocation of the federal campus-based student aid programs
- ▶ a statement of account from the USED or a general ledger showing that funds are being expended on federal campus-based student aid programs
- ▶ the institution's current catalog or resource document describing the course lengths of the institution's program(s).

In addition, schools must agree to maintain documentation of the following policies and procedures. These documents should be readily available upon request by Commission staff.

Questions? Institution staff with questions regarding institutional eligibility should contact the Grant Services Division at (916) 526-7985.

2.3 Institutional Participation Requirements

Cal Grant Program Course Requirements

The length of a school's educational programs determines in which Cal Grant programs the school can participate. If a school does not offer programs of sufficient length or degree goal to allow student participation in any of the Cal Grant programs, this information must be provided to the Commission. Accurate notification to the Commission can prevent Cal Grant participants from mistakenly believing they receive benefits at the school. Such notification will also prevent schools from releasing funds to ineligible students that would eventually require payback by the school. For Cal Grants, schools must offer programs with course lengths as follows:

Chapter 2, Institutional Eligibility

Cal Grant A- The school must be a degree-granting institution that offers an instructional program that is not less than two academic years in length. [C.E.C. 69434 (a)] An instructional program of not less than two academic years means a program of study that results in the award of an associate or baccalaureate degree requiring at least 48 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program. [C.E.C. 69432.7 (j)]

Cal Grant B- The school must offer an instructional program of not less than one academic year in length. [C.E.C. 69435 (a)(1)] An instructional program of not less than one academic year means a program of study that results in the award of an associate or baccalaureate degree or certificate requiring at least 24 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program. [C.E.C. 69432.7 (i)]

Cal Grant C- The school must offer a technical/vocational course of study of four months or longer in length. Cal Grant C recipients must be enrolled in and pursuing an eligible technical/vocational program. [C.E.C. 69439 (a)]

Transfer Entitlement- To accept Cal Grant Transfer Entitlement participants, a school must offer baccalaureate degree programs. [C.E.C. 69436 (b)]

Cal Grant TCP Benefits- A year of Cal Grant eligibility is available to renewing Cal Grant participants who, upon obtaining a bachelor's degree, continue, within 15 months, into an approved Teaching Credential Program (TCP). [C.E.C. 69433.6 (c, d)] To be eligible to disburse Cal Grant TCP benefits, schools must offer a

professional teacher preparation program(s) approved by the California Commission on Teacher Credentialing. [C.E.C. 69433.6 (c)(1)] The Commission's Grant Services Division maintains a list of eligible schools offering approved programs.

Fifth-Year Benefits for a Mandatory

Five-Year Program- To be eligible to pay Cal Grant Fifth-Year benefits, a school must have a mandatory five-year program that requires all students in that major to complete more than the equivalent of four years of study to acquire their bachelor's degree.

Each year, schools must designate each of their mandatory five-year programs on the *College Cost Estimate Form*. The *College Cost Estimate Form* for the next award year is sent to schools in October. To add a program between College Cost Estimate submissions, a school must submit a written request to the Commission for approval of the school's mandatory five-year program. The campus Registrar or head of the school Academic Affairs Office must sign the request before Cal Grant Fifth-Year benefits can be approved. The Commission's Grant Services Division maintains a list of schools with approved mandatory five-year programs.



Institutional Administrative Capability

To participate in the Cal Grant programs, a school must agree to maintain certain standards of administrative capability and financial responsibility in accordance with state law and federal regulations. Administrative capability includes the assignment of sufficient number of capable individuals to administer Commission programs in coordination with other student aid programs. The Financial Aid Office must communicate with other school

Chapter 2, Institutional Eligibility

administrative areas, such as the accounting office and the campus Registrar, on matters that affect a student's eligibility.

The institution must also implement and retain written policies and procedures for managing the Cal Grant programs. These include, but are not limited to, policies and procedures covering:

- ▶ application verification
- ▶ award packaging
- ▶ Cal Grant funds disbursement
- ▶ Satisfactory Academic Progress
- ▶ overaward resolutions
- ▶ citizenship
- ▶ Professional Judgment
- ▶ refund and repayment

To participate in the Cal Grant programs, an institution must have demonstrated to the Commission that it is capable of adequately administering the programs under each of the standards established in this chapter.

The Commission considers an institution to have sufficient administrative capability if the institution:

- ▶ administers the Cal Grant programs with adequate checks and balances in its system of internal controls
- ▶ maintains an accounting system which conforms to generally accepted accounting principles/practices and shall include, but not be limited to, cash receipts and disbursement journals, bank reconciliations, evidence of receipt or credit of funds to recipients and all other accounting records necessary to account for all transactions
- ▶ divides the functions of authorizing payments and disbursing or delivering funds so that no one office has responsibility for both functions with respect to any particular student provided aid under the programs. For example, the

functions of authorizing payments and disbursing or delivering funds must be divided so that for any particular student who receives assistance through the programs, the two functions are carried out by at least two organizationally independent individuals.

- ▶ maintains documentation that includes the division of functions of individuals for authorizing payment and disbursing funds (separation of duties)

Financial responsibility includes the institution meeting all of its financial obligations, and complying with the fiscal provisions set forth in the IPA, the *Cal Grant Programs Manual*, all *Commission Policy Bulletins*, *Operations Memos* and *Special Alerts*, the California Education Code (C.E.C.) and the California Code of Regulations (C.C.R.).

Third Party Service- Institutions that choose to use a third party servicer to administer their Cal Grant program funds must be aware that the educational institution, rather than the servicer, will be held accountable for any compliance issues that may arise.

Clear Audit Trail- The institution's fiscal records should provide a clear audit trail of the status of Cal Grant funds from the time they are received by the school from the State Controller's Office (SCO) through the time they are used to pay students' eligible charges, delivered to the student in the case of Access or Books and Supplies payments, or refunded back to the Commission.

Each institution must maintain a detailed accounting of all Cal Grant funds it receives. The records for the bank account in which the funds are held must show that the institution did not use funds received prior to their delivery to the students (e.g., credited to their account).

Chapter 2, Institutional Eligibility

If program funds were delivered by check, there should also be records of all check negotiations. This is required to show that funds were delivered to the student and to assure that checks that are not cashed (and hence not used by the student) are correctly credited back to the student's record.

Bank Account Records- If Cal Grant funds are received and deposited in an account and combined with funds not from the Cal Grant programs, there must be a separate record to show the status of Cal Grant funds in that account at all times. Clear records will dispel any potential conflicts.

\$\$ Bank Account Interest- Cal Grant funds may be maintained in an interest-bearing or non-interest-bearing account. However, if the funds are in an interest-bearing account, *all interest* earned on those funds must be returned to the Commission.

There should also be a correlation between the different fiscal records at the institution. For example, if school ledgers show \$10,000 was received via EFT or check from the SCO, and the ledger shows disbursements to 20 students, fiscal records (e.g., vouchers or ledgers) should reflect either payments against those students' tuition, or checks issued to students. There is no specific requirement for an individual student account statement, but a school must maintain some system for evaluating students' accounts to determine when funds received have exceeded eligible costs for the applicable periods.

Records Must Identify Each Year- The fiscal records must reconcile with specific year advances from the SCO. Fiscal records must identify not only the program, but also the award

year to which the funds are being applied. For example, if the records show Cal Grant funds were disbursed to a student on August 24, records must reflect whether those funds were for the current or prior award year. This determination is critical in ensuring that funds are reported on the appropriate year's roster.

Administrative Action- If an institution does not comply with any one of the requirements in the above references, the Commission may take several actions: these may include limitation, suspension, or termination. Such actions include the right to suspend Cal Grant disbursements to the school until the matter is resolved. In the event of an administrative action, the Executive Director may opt to release state financial aid funds to students at the school to alleviate any financial hardships. (C.E.C. 69509 (a)) Action can also be taken if an institution does not respond in a timely manner to a Commission grant compliance review finding, is delinquent in the payment of Cal Grant program invoices or is inadequately monitoring Cal Grant program procedures and recipients on the campus. More information on Commission enforcement actions and program compliance reviews is included in Chapter 11.

Designation of Funds

Participating Cal Grant schools must agree to maintain all Commission grant funds in a designated account identified as the property of the State either by a ledger account or a bank account. Institutions may deposit funds, federal and state, into one bank account, but in such case the funds must be identified using subsidiary ledgers in order to keep state funds distinguished from all other funds. All activity (deposits and expenditures) of Commission

Chapter 2, Institutional Eligibility

grant funds must be supported by appropriate accounting records in accordance with generally accepted accounting principles and practices.

If the institution establishes a separate bank account for Cal Grant funds, there must be a clear indication in the bank account's name that these are Cal Grant funds, clear and distinguishable, not to be confused with any other financial aid funds. **All interest** earned on these accounts must be returned to the Commission on behalf of the State, regardless of any agreement between the bank and the institution relative to bank charges or co-mingling of funds.



Three Years of Records Retention

A participating Cal Grant institution agrees to retain records (i.e., paper, tape, microfiche, back-up data, electronic media, WebGrants on-line) as are necessary to document fully the accuracy of the grant payments reported and the right of the institution to receive or retain payments made by the Commission for a period of three years following the last day of the academic period for which the grant was intended. As an example, records demonstrating participant eligibility for the Spring 2002-03 term ending June 2, 2003, must be retained at least until June 2, 2006.

Schools must maintain complete and accurate program and fiscal records. These are essential in demonstrating the school's eligibility to participate in the Cal Grant Programs and they provide a clear "audit trail" for Cal Grant Program expenditures. Records must be kept to demonstrate proper administration of Cal Grant Program funds by the school; that each student was eligible for the funds received, and that the funds were disbursed in accordance with program regulations.

Examples of records to retain include:

- ▶ the ISIR used to determine financial eligibility
- ▶ student and/or parent financial records (i.e. 1040's, bank statements, asset records, etc.)
- ▶ situational documentation describing medical conditions, loss of employment, exceptional family expenses
- ▶ Cal Grant payment rosters
- ▶ any records for each Cal Grant recipient that clearly reflect the student was eligible for the funds received, and the funds were disbursed in accordance with program regulations.

2.4 College Cost Estimates

The *College Cost Estimate Form* is completed by Cal Grant participating schools. The Commission uses it to determine the student's cost of attending a particular school and/or program. The form allows the school to provide cost estimates for undergraduate and vocational/technical and teaching credential programs. This information is important since the Commission uses it to determine the financial need of new applicants and the award amounts for new and renewal recipients attending the school. Any on-campus housing cost at an institution is also included. The form is distributed to Financial Aid Offices at participating schools in October and should be returned to the Commission by the deadline in December. The December deadline is required because the next Cal Grant awarding period begins in January.

Schools must retain a copy of each *College Cost Estimate Form* that are submitted to the Commission. Full instructions are included on the reverse of the form. School cost estimates should include tuition charges for standard full-time course work for the entire academic year, based on undergraduate, vocational/technical, or teaching credential study. Fees that are charged to all students may be included.

Tips for completing the College Cost Estimate

- ✓ Complete a separate College Cost Estimate form for each qualifying course or different cost.
- ✓ List program costs only on a 9-month basis. The Commission will make any adjustments if the school is set up for year-round payment.
- ✓ If all programs offered by the school are of equal cost, only one College Cost Estimate form should be submitted.
- ✓ List any mandatory five-year undergraduate programs that require all students to complete more than the equivalent of four years of study to acquire their Bachelor's degree.

The College Cost Estimate data is needed in December. At that time, Commission staff creates the system tables used to offer Cal Grant Entitlement awards beginning in early January. If a school does not return the College Cost Estimate information, the Commission will use information submitted for the previous year to evaluate new Cal Grant applicants. If, during a program review, the Commission determines that the school was aware of an unreported increase that would have meant more Cal Grant funds for their students, the school will be cited for the reason "Cal Grant eligibility not maximized."

Due to budget limitations, the Commission cannot guarantee that cost increases reported after December will be recognized. However, the Commission will make every effort to make adjustments within these limitations. Cost increases reported after July, other than those legislatively mandated, will not be recognized under any circumstances.

2.5 SEARS Survey

The Student Expenses and Resources Survey (SEARS) is conducted every three years to provide data to assess students' expenses and resources while attending college. The survey

directly polls actual students on the actual costs and expenditures of California college students. SEARS data is used to construct the California Student Aid Commission's Nine-month Student Expense Budgets that are released to California colleges each year. The data is also used directly by the Commission to use as college cost information in the selection of Cal Grant recipients. Between each SEARS survey, budgets are updated to include a cost of living increase.

2.6 Change of School Ownership or Participation Requirements

Change of Ownership

A change in ownership and control occurs when a person or company (partnership or corporation) obtains new authority to control an institution's actions, whether the institution is a proprietorship, partnership, limited liability company, or corporation. The most common example of this change in controlling interest is when an institution is sold to a new owner.

The Commission's change of ownership policy is similar to the process used by the Title IV federal assistance programs, such as Pell, and the Federal Student Loan Programs. The Cal Grant Institutional Participation Agreement (IPA) singled by the previous owner expires on the date the change takes place, which immediately terminates the institution's existing Cal Grant participation. However, as long as Title IV eligibility is reconfirmed during the same award year, retroactive payments can be made to eligible students, if the following apply:

- the school continues to demonstrate administrative capability.
- the Commission is notified by the previous owner of the change within 10 days of the date it occurs. Concurrently, the new owner must notify the institution's accrediting agency and provide the Commission with proof the institution's accreditation continued under the new ownership or control.

Chapter 2, Institutional Eligibility

- ▶ a new IPA must be submitted and approved by the Commission
- ▶ if applicable, the new owner(s) also should notify the appropriate state agency that licensed or approved the school. One such agency, for example, is the Department of Consumer Affairs' Bureau for Private Postsecondary and Vocational Education (BPPVE).

Responsibilities of the Previous Owner(s)

Before the change in ownership or control takes place, the previous owner should ensure that all Cal Grant payments due to students for the current payment period are distributed, and that all records are current and in compliance with the C.E.C., the California Code of Regulations and Commission policies. If the school requires additional funding to pay eligible students for the current payment period, it should request and disburse them prior to the ownership change.

The institution loses its approval to participate in the Cal Grant program on the date the change in ownership or shift in control takes place. An institution may use Cal Grant funds it has received to satisfy any unpaid commitments made to students for the current term. An institution may not make new commitments to students, nor receive additional Cal Grant funds from the Commission, until an IPA has been signed by the institution and executed by the Commission.

Responsibilities of the New Owner(s)

As early as possible prior to the change of ownership, the new owner should request that the former owner provide copies of:

- ▶ the school's existing USED Eligibility and Certification Approval Report (ECAR)
- ▶ the school's refund policy
- ▶ the school's default management plan
- ▶ the results of prior program reviews and compliance audits
- ▶ the school's audited financial statements for at least the two most recently completed fiscal years, *and*
- ▶ an audited balance sheet showing the financial condition of the institution at the time of the change.

The new owner will need this information to receive approval from the USED to participate in the federal financial aid programs.

To participate in the Cal Grant programs, institutions must qualify following the guidelines explained in Section 2.2. If the entity that has acquired the school is an ongoing entity (partnership or corporation), the school must also submit:

- ▶ completed audited financial statements of the acquiring entity for the last two consecutive fiscal years
- ▶ proof that its accreditation is continued under the new ownership or control, *and*
- ▶ a photocopy of its State legal authorization under the new ownership
- ▶ If the new owner possesses other institutional interests, a complete audited financial statement of those interests must be provided for the last two consecutive fiscal years.

New School, New IPA- The new owner may not award Cal Grant Program funds until approval is received through an IPA signed by the Commission. If the new owner(s) acquired the institution, or if the school is the result of a merger of two or more former institutions, the new owner is liable for any debts from the former owner's Cal Grant Program administration. The new owner accepts liability for any Cal Grant funds that were provided to the institution, but were improperly disbursed before the date the change in ownership or shift of control became effective. The new owner must also abide by the refund policy for students

Chapter 2, Institutional Eligibility

enrolled before the date the change in ownership or control became effective and must honor all student enrollment contracts signed before the date of the change.

Before the date of purchase, it is recommended that the new owner request that all students receive their Cal Grant Program award payments, all Cal Grant Program accounts have been closed out, and all related reports and payment transactions have been properly filed. An institution may not make new commitments to students nor receive additional Cal Grant funds from the Commission until an IPA has been signed by the institution and executed by the Commission.

New School, New Accounts- At the time of ownership change, the school bank accounts from which Cal Grant funds were disbursed will probably change, or the signatories to those accounts may change. As a step to reduce school liability, the school should verify the status of any Cal Grant checks released to students that have not been reported as cashed. Cal Grant checks that are disbursed, but uncashed will still be reflected in the balance of the school's account. The checks should be cancelled and reissued or the funds should be returned to the Commission. Change of ownership does not absolve the owners from the responsibility to assure that program funds are released to eligible participants.

Commission compliance staff will take action in the event a school does not verify acceptance of funds, return any unclaimed funds to the Commission or if the school has no way to verify acceptance.



Closure of a School or School Location

In the event of the closure of a school, the school ownership must notify the California Student Aid Commission within 10 days of the

closure. This is required even if only one branch of a school closes. Cal Grant program awards are made based on the student's eligibility at an eligible school. Therefore, a participant's Cal Grant eligibility may not automatically transfer to another school even in the same school chain depending on the circumstances of the original school's closure and that campus' relationship to other schools in the chain.

If the Commission does not receive notification of school closure, the Commission will attempt to determine the status of the school, its assets and any undisbursed Cal Grant program funds. The Commission will determine from school records and from interviews with students, about the disposition of grant funds already disbursed to program participants. Determination of whether the participant will be charged program eligibility for the term, or for the portion of the program for which disbursement was made will be made on an individual basis.

Change in School Status

In the event of an institutional ownership change, a change in accreditation, a change in location, or other conditions, a participating Cal Grant school may no longer meet the institutional eligibility requirements. Should changes such as these occur, the campus must notify the Commission of its new status. Other situations that would require notification to the Commission include:

- ceasing participation in the Pell Grant program or ceasing to participate in at least two of the three federal campus-based aid programs
- ceasing to comply with the 10 percent rule
- loss of accreditation or any change in accreditation that affects program participation
- adding or deleting campuses
- changes in personnel responsible for Cal Grant administration.

Notification of the above situations must be made within 10 days of their occurrence.

Chapter 2, Institutional Eligibility

2.7 Consortium Agreements

A consortium agreement allows an institution to enter into a contractual agreement with another institution to provide a portion of a student's program of study. The agreement also specifies which institution will have the responsibility of reporting and verifying enrollment and administering financial aid. A consortium agreement may exist between a school that is eligible to administer Cal Grant funds and one that is not. If a student is enrolled in a contracted program of study and attends the eligible school, and that school has the responsibility of verifying enrollment and administering aid, the student is eligible to receive the Cal Grant funds. However, if the school that is not eligible to administer Cal Grants has the responsibility of verifying enrollment and administering aid, the student is not eligible to receive the Cal Grant funds.

For Cal Grant payment purposes, a concurrently enrolled student's attendance status (full-time, three quarter-time, half-time) can be determined based on the total units at both schools if a consortium agreement exists between the schools. If no consortium exists, concurrent enrollment cannot be considered and the participant can be paid based only on one or the other school's unit total.

Consortium or contractual agreements between schools are authorized under federal regulations contained in 34 CFR (Code of Federal Regulations) Section 600.9. For more information on the specific requirements of such agreements, refer to the regulation or the *Student Financial Aid (SFA) Handbook* published by the U.S. Department of Education. The *SFA Handbook* is available on-line at the USED *Information for Financial Aid Professionals* Web site at www.ifap.ed.gov.

2.8 Cal Grants for Attendance Outside California

If a consortium agreement exists, students may be paid Cal Grant benefits to attend colleges outside of California. For example, a student who is taking courses at the University of Chicago, if she/he is enrolled through a program of the University of California. Also, students attending an eligible education abroad program may receive Cal Grant A, B or C benefits. To be eligible to receive grant benefits for attendance outside of California, the student must meet the following requirements:

- ▶ complete the eligibility requirements as described for Cal Grant A, B, or C; **and**
- ▶ be considered a regularly enrolled student enrolled at least half time at an eligible California school attending through a formal consortium, reciprocal education agreement or in an accredited overseas program

In order for a student to receive Cal Grant benefits from her/his home campus, the home California campus must make the determination of eligibility for financial aid and must also handle the financial aid disbursement. It is important that students be aware of these conditions and not assume that a Cal Grant can be used for any out-of-state or education-abroad program without checking with their home campus Financial Aid Office. Unless all conditions are met for out of California attendance, no Cal Grant disbursements can be made.

The Commission does not automatically increase a student's budget to reflect additional expenses resulting from out-of-state or overseas attendance. However, the school may use professional judgment to adjust the student's budget if it determines it to be appropriate. The school should notify the Commission of adjustments, using the *Grant Record Change Form for Schools* (G-21). (See Appendix A)

2.9 Distance Learning Programs and Cal Grants

Cal Grant program participants may receive benefits through distance learning programs when **all** of the following are true:

- ▶ the campus providing the education is located in California
- ▶ the student is a California resident
- ▶ all other Cal Grant program requirements are met

The ISIR and Cal Grant GPA verification information the Commission receives does not state whether a student is in a distance learning situation. As with any Cal Grant participants, each school will be responsible for verifying student eligibility and whether any distance learning participant meets Cal Grant residency requirements.

Federal Guidelines- In addition to the above, the Commission's requirements mirror those established for the Federal Student Assistance (FSA) programs. Schools should follow FSA guidelines unless otherwise stated.

The federal guidelines, including specific distance learning/correspondence study student definitions, are given in 34 CFR 600.2 and in 34 CFR 600.7.

2.10 WebGrants Participation

An *Information Security and Confidentiality Agreement*, and the *System Administrator's Access Request Form* must be filled out at the school, signed by an Authorized Official and Security Administrator, and returned to the Commission to add a System Administrator.

The Commission recommends designating at least two Security Administrators so a backup is

always available. Please note that both forms must be completed, signed, and returned to the Commission to designate a new Security Administrator. The *System Administrator's Access Request Form* can also be used to delete or change a System Administrator. These forms are to be forwarded to the Commission for processing. Schools will not have the ability to add, change electronically, or deactivate their Security Administrator. The Commission reserves this right.

The System Administrators will use the *User Access Request Form* to add, change, or deactivate user IDs and passwords at the school. The Commission handled this function in the past, but that authority has been relinquished to each school's System Administrator. The *User Access Request Forms* remain on file at the school.

3 Program Descriptions and Eligibility

“Each Commission program has specific eligibility requirements, award amounts and selection requirements.”

The Commission administers the Cal Grant and other financial aid programs. Each program has specific eligibility requirements, award amounts, and selection requirements. The following is a list of Cal Grant award types:

- ▶ Cal Grant A Entitlement
- ▶ Cal Grant A Transfer Entitlement
- ▶ Cal Grant A Competitive
- ▶ Cal Grant B Entitlement
- ▶ Cal Grant B Transfer Entitlement
- ▶ Cal Grant B Competitive
- ▶ Cal Grant C
- ▶ Cal Grant T- *not currently funded*

Other Commission administered programs include:

- ▶ Assumption Program of Loans for Education (APLE)
- ▶ Child Development Teacher and Supervisor Grant Program
- ▶ Law Enforcement Personnel Dependents Grants Program (LEPD)
- ▶ Robert C. Byrd Honors Scholarship Program
- ▶ Graduate Assumption Program of Loans for Education (Graduate APLE)- *not currently funded*
- ▶ California State Work-Study- *not currently funded*

3.1 General Cal Grant Eligibility

To be eligible for and receive payment for any Cal Grant award, a student must meet the following requirements:

- Be a U.S. citizen or an eligible noncitizen
- Be a California resident
- Attend a Cal Grant participating California college or university
- Demonstrate financial need at his or her college
- Have family income and assets below the ceilings

- Have met U.S. Selective Service requirements
- Be in a program leading to an undergraduate degree, certificate or first professional degree
- Not have a bachelor's or professional degree before receiving a Cal Grant (except for extended Cal Grant A or B awards, teaching credential programs or Cal Grant T)
- Have a valid Social Security number
- Maintain satisfactory academic progress
- Not owe a refund on any state or federal educational grant
- Not be in default on any student loan
- Not be incarcerated

Initial eligibility for a Cal Grant award is based on information from the student's Free Application for Federal Student Aid (FAFSA). Schools are responsible for verifying that students who appear on the Grant Roster meet the above program requirements, as required by the school's Institutional Participation Agreement, Article IV A. Further information regarding each of the eligibility requirements is outlined below.

U.S. Citizen or Eligible Noncitizen

To be eligible for both federal and state aid, a student must be a U.S. citizen, or an eligible noncitizen. An eligible noncitizen is one of the following: a U.S. permanent resident who has an Alien Registration Receipt Card (I-151, I-551); a conditional permanent resident (I-551C) or a noncitizen with a Departure record (I-94) from the Bureau of Citizenship and Immigration with one of the following designations: "Refugee"; "Asylum Granted"; "Indefinite Parole," "Humanitarian Parole"; or "Cuban-Haitian Entrant." Other eligible noncitizens include U.S. nationals who are natives of American Samoa and Swain's Island.

Chapter 3, Program Descriptions and Eligibility

Those with one of the following documents are not eligible for federal or state aid: an F-1, F-2, or M-1 student visa, a J-1 or J-2 exchange visitor visa, a G series visa (pertaining to international organizations), an H series or L series visa (allowing temporary employment in the U.S.), a "Notice to Apply for Permanent Residence" (I-171 or I-464), or an I-94 stamped "Temporary Protected Status."

AB 540 and Immigration Concerns

Effective January 1, 2002, the law allows students, regardless of their citizenship status, to pay in-state tuition fees if they meet certain requirements. This law does not make undocumented students residents and does not make them eligible for Cal Grant assistance, or Federal Title IV student financial aid.

To qualify for the exemption from paying out-of-state tuition, a student must:

- ✓ Attend high school in California for 3 or more years
- ✓ Graduate from a California high school, receive a GED from the California GED office or receive a Certificate of Proficiency as a result of passing the California High School Proficiency Examination, and
- ✓ File an affidavit with the state college or university stating that he or she will file an application with the Bureau of Citizenship and Immigration Services (BCIS) to obtain legal permanent residency as soon as he or she is eligible.

California Residency for Cal Grant Eligibility

California residency for unmarried students who are not 18 years of age by the application deadline cycle for which they are applying, is based on the residency status of a parent or non-parent adult responsible for their direct care and control. To qualify as a non-parent

adult, he or she must have had continuous direct care and control of the student for at least two years prior to the application cycle deadline for which they are applying.

Unmarried students under 18 are legal California residents if:

- ✓ a parent is a legal California resident at the application deadline for which the student is applying, **or**
- ✓ the student has lived for two years with a responsible non-parent adult and that adult is a legal California resident at the application cycle deadline for which he/she is applying

For example, students whose parents are living overseas are considered California residents if they are minors and have been living under the direct care and control of a California resident for at least two years as of the application cycle deadline for which they are applying, or their parents have maintained their California residency during their absence from the state.

All married students, regardless of their age, and all unmarried students 18 or older must establish their own residency. If they will be 18 on or before the application cycle deadline for which they are applying, they must be a legal California resident at the application deadline for which they are applying. They also must be in the United States legally and be able to establish U.S. residency based on their status with the Bureau of Citizenship and Immigration Services.

Cal Grant Participating California College or University

Students must attend a California college that has a valid Institutional Participation Agreement with the Commission. The requirements for school participation in the Cal Grant program are described in Chapter 2.

Chapter 3, Program Descriptions and Eligibility

Demonstrate Financial Need

To be eligible for a Cal Grant, a student must have sufficient financial need for the award. The calculation of a student's financial need is described in Chapter 5 of this manual. The minimum need requirement is a separate eligibility criterion from the income and asset ceiling requirements.

For a new Cal Grant A or Cal Grant C award, the minimum financial need required equals the maximum award amount, at the student's first school choice, plus \$1,500.

At all schools, the minimum financial need required for Cal Grant B selection is \$700.

Income and Asset Ceilings

Income and asset ceilings are set by the Commission in accordance with the provisions of C.E.C. 69432.7 (k) and are adjusted annually. The current income and asset ceilings are included in Appendix XX.

Annual adjustments to the income and asset ceilings are based on the percentage change in the cost of living as defined by the California Constitution. The relevant section reads:

SEC. 8. (e) (1) "Change in the cost of living" for the state, a school district, or a community college district means the percentage change in California per capita personal income from the preceding year."

The California Department of Finance provides the data to make this assessment. Although historically per capita income rises nearly every year, use of the method described above to adjust income and asset ceilings will occasionally lead to decreases in the ceilings.

Income and asset ceilings for the upcoming year are typically approved by the Commission each November. The financial aid community is informed of the adjustments through a Grant Operations Memo.

Selective Service Requirements

To be eligible to receive a Cal Grant award, a student must meet United States Selective Service registration requirements. This coincides with federal Title IV requirements. Therefore, if a student is or would be Title IV eligible based on his/her Selective Service status, then this student also meets Cal Grant requirements. Schools would also be able to use professional judgment in Selective Service matters just as for Title IV eligibility.

Participate in an Eligible Program

A student must be enrolled in a program leading to an undergraduate degree, certificate or first professional degree. Specific course length requirements vary depending on the type of grant and are explained later in this chapter.

Baccalaureate Degree Restriction

As indicated above, a student must have not earned a baccalaureate degree (B.A. or B.S.), or the equivalent to receive a Cal Grant A, B or C. This is consistent with the way Federal Pell Grant recipients are handled. Students who have obtained professional degrees are ineligible for Cal Grant undergraduate benefits even if they have not earned a baccalaureate degree. Examples of professional degrees include:

- ✓ Doctor of Pharmacy (Pharm.D.)
- ✓ Doctor of Chiropractic (D.C.)
- ✓ Juris Doctorate (J.D.)

Chapter 3, Program Descriptions and Eligibility

Students that receive a master's level degree, such as a Master of Architecture (M.Arch) degree, without receiving a bachelor's degree are also ineligible.

Students who have earned a degree from an unaccredited or foreign school are ineligible for a Cal Grant award, regardless of whether or not the baccalaureate or professional degree is accepted or recognized by the school at which the student is enrolled.

Valid Social Security Number

Students must have a valid Social Security number in order to complete the FAFSA. The Commission is unable to consider a student for a Cal Grant award without a valid FAFSA.

Satisfactory Academic Progress

The recipient must maintain satisfactory academic progress as defined by the school in accordance with federal financial aid standards. The policy set for federal financial aid must be used for the Cal Grant program. Therefore, if a recipient's federal financial aid is suspended for a term because the recipient is not making satisfactory academic progress, state financial aid must also be suspended. Students failing to meet the satisfactory academic progress standards for more than two consecutive semesters or three consecutive quarters will be withdrawn from the Cal Grant program.

Loan Default/Owe a Refund

Each school is responsible for verifying that a grant recipient is not in default on any Title IV educational loan and that no refunds are owed on a federal or state grant.

Incarcerated Students

Students who are currently incarcerated are not eligible for Cal Grant benefits. These students will be withdrawn from the program when the Commission is notified of their incarceration.

3.2 Cal Grant A

Cal Grant A benefits cover up to full systemwide fees at the University of California and the California State University, and provide for tuition and fees at independent colleges and some occupational and career colleges in California. Award amounts are determined through the state budget process and may change annually.

Cal Grant A awards are for students enrolled in a program of instruction of not less than two academic years that leads to an associate or baccalaureate degree requiring 48 semester units or that results in eligibility for transfer from a community college to a baccalaureate degree program.

There are three Cal Grant A awards: Entitlement, Transfer Entitlement and Competitive.

Cal Grant A Entitlement Award

Every graduating high school senior who has at least a 3.0 high school GPA, meets all the Cal Grant requirements, is a California resident at the time of graduation, and applies by March 2 either the year that he/she graduates or the following year is guaranteed a Cal Grant A Entitlement award.

Cal Grant A California Community College Transfer Entitlement Award

High school seniors who graduate after June 30, 2000, attend a California Community College, and then transfer to a qualifying baccalaureate degree-granting institution may be eligible for a California Community College Transfer Entitlement Cal Grant A. Eligible students must have at least a 2.4 community college GPA (of at least 24 semester units, or the equivalent, of degree credit), meet the financial and eligibility requirements, be under age 24 at the time of transfer, and apply by March 2.

Chapter 3, Program Descriptions and Eligibility

Cal Grant A Competitive Award

Other students who meet all the Cal Grant eligibility requirements and who have at least a 3.0 GPA may compete for a Cal Grant A Competitive award. Selection is based on a composite score that takes into consideration family income, parents' educational level, GPA, time out of high school, high school performance standards and other factors, such as whether the student comes from a single-parent household or is a former foster youth.

Cal Grant A Reserve

Students who receive a Cal Grant A award and choose to attend a California Community College will have their awards reserved for up to three years until they transfer to a four-year tuition/fee charging college. To reserve their awards for the third year, students must make their requests in writing.

Students who list a California Community College on their FAFSA as their first California college will automatically have their Cal Grant held in reserve. A school change to a tuition-charging institution at any time will remove the reserve status. Likewise, a school change to a California Community College will automatically place the student's award in reserve.

Students must be certified as financially eligible for a Cal Grant at the tuition-charging institution at the time they transfer and have remaining Cal Grant eligibility. They must also have financial need at the college. Students are advised to notify their school that they have a reserve grant.

renewed or awarded beyond the freshman year, the grant covers tuition and fees. The tuition and fee award amounts are the same as those for Cal Grant A. Award amounts are determined through the state budget process and may change annually.

A very limited number of new recipients may receive a Cal Grant B for tuition and fees, in addition to an access grant, for their first year. These students have exceptional financial need and have been determined to be among the most disadvantaged.

Coursework must be for at least one academic year, and students must be enrolled at least half time.

There are three Cal Grant B awards: Entitlement, Transfer Entitlement and Competitive.

Cal Grant B Entitlement Award

Every graduating high school senior who has at least a 2.0 high school GPA, meets all the Cal Grant requirements, is a California resident at the time of graduation, and applies by March 2 either the year that he/she graduates or the following year is guaranteed a Cal Grant B Entitlement award.

Cal Grant B California Community College Transfer Entitlement Award

High school seniors who graduate after June 30, 2000, attend a California Community College and then transfer to a qualifying baccalaureate-degree granting institution may be eligible for a California Community College Transfer Entitlement Cal Grant B. Eligible students must have at least a 2.4 community college GPA (of at least 24 semester units, or the equivalent, of degree credit), meet the financial and eligibility requirements, be under age 24 at the time of transfer and apply by March 2.

3.3 Cal Grant B

Cal Grant B is for students from disadvantaged or low-income families.

The award for most first-year students covers living expenses, books, supplies and transportation, but not tuition and fees. When

Chapter 3, Program Descriptions and Eligibility

Cal Grant B Competitive Award

Other students who meet all the Cal Grant eligibility requirements and who have at least a 2.0 GPA may compete for a Cal Grant B Competitive award. Selection is based on a composite score that takes into consideration family income, parents' educational level, GPA, time out of high school, high school performance standards and other factors, such as whether the student comes from a single-parent household or is a former foster youth.

appropriate school representative or the student's employer and returned to the Commission by the May 15 deadline if the student wishes to remain in the competition.

Supplements are scored with an emphasis on educational background, vocational or occupational experience and aptitude. Additional points come from vocational or educational endorsements and grades. A counselor's review of the completed Supplement is recommended.

3.4 Cal Grant C

Cal Grant C helps vocationally oriented students acquire marketable job skills within a short time. Training must lead to a recognized occupational goal—diploma, associate degree, license qualification or certificate—which indicates at least an entry-level job skill. Students must be enrolled at least half-time in a course of study at least four months in length. Funding is available for up to two years, depending on the length of the program, as long as academic progress is satisfactory.

Cal Grant C recipients may attend occupational, career, or technical training courses at any California Community College. In addition, the awards may be used for nursing and allied health programs at a hospital school, selected courses at several independent colleges and specialized courses at eligible proprietary colleges.

Cal Grant C is not for students seeking a broad general education background, and may not be used for a four-year degree program, graduate study, course prerequisites or general education.

All applicants who did not receive a Cal Grant A or B award and who are eligible at the first Cal Grant C-eligible school listed on their FAFSA will be sent a Cal Grant C Supplement form as part of the competition. The Supplement must be completed by the student, endorsed by the

3.5 Cal Grants for approved, mandatory five-year undergraduate programs

Students enrolled in a Commission approved, mandatory five-year undergraduate program are eligible to renew their Cal Grant A or B benefits for an additional year, provided they meet the application requirements and demonstrate financial need. A mandatory five-year undergraduate program is one for which attendance beyond four years is required to meet the program's degree requirements. Since students can enter the Cal Grant program as a first through fourth year student, the participant may only be in their second or third year as a Cal Grant program participant. The name fifth year only refers to the application of the additional benefits for Cal Grant recipients enrolled in mandatory five-year programs.

The student's course of study must require every participant in that major to complete more than four years of study for graduation. Students must submit a *Request for Cal Grant Fifth-Year Benefits Form (G-42)*. The Commission's Grant Services Division maintains a list of schools with approved mandatory five-year programs. This list is also printed on the reverse of each G-42.

Chapter 3, Program Descriptions and Eligibility

3.6 Cal Grant A and B awards for use in Teaching Credential Programs

Students enrolled in a qualified teaching credential program may be eligible to renew their Cal Grant A or B award for an additional year after receiving their bachelor's degree. Teaching Credential Program (TCP) participants must continue to meet Cal Grant A or B program requirements and demonstrate financial need. This is a benefit extension to an existing Cal Grant program award. Students must submit a *Request for Cal Grant Teaching Credential Program Benefits Form (G-44)*.

Cal Grant A and B recipients are eligible to be paid Cal Grant TCP benefits for use in a teaching credential program if they:

- have received a Bachelor's degree
- are accepted and enrolled in a professional teacher preparation program at a California Commission on Teacher Credentialing approved institution within 15 months of the end of the term for which the recipient last received a Cal Grant payment
- have not received or submitted an application for an initial Teaching Credential, such as a Preliminary or Clear Credential
- maintain financial need for Cal Grant renewal

The Commission's Grant Services Division maintains the list of schools with approved teaching credential programs. This list is also printed on the reverse of each G-44.

3.7 Cal Grant T

No funding has been received for new Cal Grant T awards since the 2002-03 budget year; however the program still exists in state statute. There are still some students that were awarded prior to 2003-04 that remain eligible for payment.

Cal Grant T awards help cover one year of tuition and fees at a teaching credential program in California in exchange for teaching service. Recipients must commit to teach at a low-performing K-12 school for one year for each \$2,000 they receive. The grant awards will become loans if the service requirement is not met.

To receive benefits, students must have a bachelor's degree and attend a teaching credential program at a school approved by the California Commission on Teacher Credentialing.

Students are selected based on their GPA and financial need. In addition, they must sign a declaration in which they agree to provide teaching service at a low-performing K-12 school in California.

Students who received extended Cal Grant A or B benefits to attend a teaching credential program or who are currently eligible for extended benefits are not eligible for a Cal Grant T award, nor are those who have applied for or who hold a preliminary teaching or clear credential.

Cal Grant T applications are distributed to all postsecondary institutions in California each year in Spring. The application deadline is June 1.

3.8 Specialized Programs

In addition to the Cal Grant programs, the California Student Aid Commission offers the following specialized programs:

- Assumption Program of Loans for Education
- Child Development Teacher and Supervisor Grant Program
- Law Enforcement Personnel Dependents Grant Program
- Robert C. Byrd Honors Scholarship Program

Chapter 3, Program Descriptions and Eligibility

- Graduate Assumption Program of Loans for Education (Graduate APLE)
- California State Work Study

Basic Eligibility for Specialized Programs

To qualify, you must:

- be a U.S. citizen or an eligible noncitizen
- demonstrate financial need
- be a California resident attending an eligible college
- have a valid Social Security number
- have registered with the U.S. Selective Service, if required to do so
- not owe a refund on an educational grant
- not be in default on a student loan

The Assumption Program of Loans for Education is open to out-of-state teachers



Assumption Program of Loans for Education (APLE)

The Assumption Program of Loans for Education, or APLE, is designed to encourage outstanding students to become teachers and serve in critical teacher shortage areas in California public K-12 schools. Participants may receive up to \$11,000 in loan assumption benefits.

Applicants must have completed at least 60 units, have received, or have been approved to receive, educational loans to obtain a baccalaureate degree or an initial teaching credential, have not completed the coursework necessary to obtain an initial (preliminary or clear) credential and are enrolled at least half-time each term. APLE Coordinators at participating institutions, District Intern programs and County Offices of Education (for the out-of-state teachers) submit selected applications to the Commission.

APLE participants must sign an agreement and provide four consecutive years of full-time teaching service in a California public school in one of the designated subject matter areas or in a designated school (low-income, low-performing, school serving rural areas, school with high percentage of emergency permit teachers, or state special school). The list of eligible schools is provided by the Superintendent of Public Instruction each year and is available on the Commission's Web site at www.csac.ca.gov in March.

Applications are available in early Spring at participating institutions and District Intern Programs with teaching credential programs approved by the Commission on Teacher Credentialing. The institutions develop their own selection criteria (academic ability & recommendations) and procedures. Selected applications must be submitted to the California Student Aid Commission by June 30.

Out-of-state teachers may apply for the APLE program through the education or superintendent's office of the California county in which they will teach.

Based on the June 30 outstanding educational loan balances, loan assumption payments are made directly to the lender. The program assumes \$2,000 after completion of the first full academic year of eligible full-time teaching service and up to \$3,000 for each of the second, third and fourth consecutive year of teaching service. Participants who teach math, science or special education in the lowest performing schools may receive an additional \$8,000 in benefits.

Chapter 3, Program Descriptions and Eligibility

Child Development Teacher and Supervisor Grant Program

Each year outstanding college students who are pursuing child development permits at the teacher, site supervisor or program director level receive these grants to help with their college costs. Students at two-year colleges may receive \$1,000 per academic year for up to two years; those attending four-year colleges may receive \$2,000 per academic year for up to two years. The maximum benefit is \$6,000.

In return, participants must work full time at an eligible California children's center for one year for each year they receive grant funds. To be eligible, students must attend a California Community College or public or independent four-year college at least half time and take courses leading to a child development permit.

To apply, students must file a FAFSA and complete a *Child Development Teacher and Supervisor Program* application. The application deadline is June 1. Colleges must recommend applicants and may nominate as many as they wish. The Commission selects participants based on financial need and academic achievement and notifies all applicants of their status in August. This program is federally funded and subject to the availability of federal resources each year.

Law Enforcement Personnel Dependents Grant

Grants are available for dependents and spouses of California law enforcement officers who were killed or totally (100%) disabled in the line of duty. Law Enforcement Personnel Dependents (LEPD) Grants are need-based and may be used to attend any California postsecondary school accredited by the Western Association of Schools and Colleges.

Grants range from \$100 to \$11,259 a year, for up to four years. Students who receive an LEPD award may also receive a Cal Grant or any other grant or college fee waiver if they are eligible. Awards for students with Cal Grants will match the amount of their Cal Grant award.

Eligible law enforcement officers include peace officers (highway patrol, marshals, sheriffs, police officers), employees of the California Department of Corrections and the California Youth Authority, and permanent full-time firefighters employed by counties, cities, districts and other state political subdivisions.

To apply, students must file the FAFSA and an LEPD application (with applicable documents). Applications are available from the Commission or may be downloaded from the Commission's website. Applications are accepted throughout the school year.

Robert C. Byrd Honors Scholarship

Robert C. Byrd Honors Scholarships recognize exceptional high school students who show promise of continued academic excellence in college. They are renewable for up to four years of postsecondary study at any accredited U.S. college. The scholarship award amount is \$1,500. This program is federally funded and subject to annual funding review by Congress.

The Commission sends applications to public and private high schools each year in February. Participating schools screen applications and may nominate up to two students. Deadlines may vary at each school, but all nominations must be postmarked to the Commission by May 4. The Commission reviews all nominations, ranks and selects participants and notifies the nominees of their status in June. This scholarship is merit-based so the FAFSA is not required.

Chapter 3, Program Descriptions and Eligibility



Graduate Assumption Program of Loans for Education (Graduate APLE)

No funding has been received for new Graduate APLE awards since the 2002-03 budget year; however the program still exists in state statute. There are still some students that were awarded prior to 2003-04 that remain eligible for loan assumption benefits.

The Graduate APLE program is designed to encourage students to complete their graduate education and serve as faculty at one or more colleges in California. Once participants have obtained their graduate degree and completed their first year of teaching service, they will receive up to \$2,000 a year in loan assumption benefits for up to three years of full-time teaching serves at accredited colleges or universities in California.

To be eligible, students must have received, or be approved to receive, a student loan to meet the costs of their graduate study, or have received a loan for their undergraduate studies.

Applications are provided to college financial aid offices by the Commission. Once section of the application must be completed by a faculty member, who then must submit the application to the Commission by the June 30 postmark deadline. Applications received after the deadline will be evaluated on a first-come, first-served basis. Selection is based on financial need and academic achievement.

California State-Work Study

No funding has been received for the State Work-Study program since the 2002-03 budget year; however the program still exists in state statute.

California's Work-Study Program offers eligible students enrolled at selected public institutions the opportunity to earn money to help pay for their education while gaining valuable work experience.

Schools are selected for participation based on a competitive Request for Proposal (RFP) process.

4 The Cal Grant Application Process

“Receipt by the Commission of both the FAFSA record and the GPA constitutes a complete Cal Grant application.”

4.1 Applying for a Cal Grant

A student applies for a Cal Grant by submitting both a Free Application for Federal Student Aid (FAFSA) and a verified grade point average (GPA) on or before the statutory deadline. For most students, the deadline is March 2. The student mails, or electronically submits, the FAFSA to the U.S. Department of Education's (USED) central processor. The central processor sends FAFSA records for California students and students attending California schools to the Commission. The GPA is verified by the school and submitted by either the school or the student directly to the Commission. Receipt of both the FAFSA record and the GPA, by the Commission, constitutes a complete Cal Grant application.

Students with preliminary eligibility for a Cal Grant C award will receive a supplemental application that must also be completed in order for the student to be awarded a Cal Grant C. This process is discussed in Section 4.7.

For community college students applying for the September 2 deadline, the student's Social Security number must appear on a community college enrollment disk, in addition to submitting a FAFSA and a verified GPA. This process is discussed in Section 4.8.

4.2 Types of Grade Point Averages

The type of GPA submitted affects a student's eligibility for a Cal Grant Entitlement versus a Cal Grant Competitive award. It is important that schools understand the various types of GPAs and who can calculate them. The types of GPAs that can be submitted are outlined below.

High School Grade Point Averages

Consideration for a Cal Grant Entitlement award requires the submission of a high school GPA. High schools submitting GPAs must meet **at least one** of the following requirements. The school must:

- be accredited by the Western Association of Schools and Colleges (WASC), **or**
- be accredited by another regional accrediting association if the secondary school is not located in the WASC region, **or**
- have a University of California "a-g" subject area approved course list.

A WASC-accredited, or other regionally accredited, secondary school may include grades from a non-accredited institution if the grades count toward the accredited school's graduation requirements. Only those grades earned during the terms specified in Section 4.3

Type of GPA	Awards
High School	Entitlement or Competitive
College	Competitive
California Community College	Transfer Entitlement or Competitive
Reestablished	Competitive B only
Test Score	Entitlement or Competitive

Chapter 4, The Cal Grant Application Process

can be included in the GPA. Transfer grades cannot be accepted if they cannot be converted to a 4.00 GPA scale.

A postsecondary institution can calculate a high school GPA based upon official high school transcripts in its possession. By submitting the high school GPA, the institution certifies that the high school GPA was calculated as prescribed in Section 4.3. The college is also certifying that the high school where the GPA was earned is either:

- ◆ WASC accredited
- ◆ accredited by another regional accrediting association if the secondary school is not in the WASC region, *or*
- ◆ has a University of California "a-g" approved course list.

Regardless of who submits the high school GPA verification, the GPA must be identified as a high school GPA for a student to be considered for a Cal Grant Entitlement award.



More Information?

For more information on whether or not a specific high school is eligible to submit GPAs, the following sources may be helpful:

WASC accredited? Check the Accrediting Commission for Schools (ACS) Web site. ACS is a division of WASC and the Web site is at <http://www.acswasc.org/>. Information can be found under the "Members" link.

Regional Accrediting Association? The term "another regional accrediting association" refers to those accreditation agencies recognized as Regional Institutional Accrediting Agencies by the United States Department of Education. A list of those agencies can be found at http://www.ed.gov/admins/finaid/accred/accreditation_pg5.html#Regional%20Institutional

University of California "A - G" Policy? More information on the University of California "a-g" subject area requirements can be found on the Web site of the University of California's Office of the President at: <http://pathstat1.ucop.edu/ag/a-g/index.html>

California Community College Grade Point Averages

California Community College GPAs can be submitted by any California Community College or any college in possession of official California Community College transcripts. A GPA must be identified as a California Community College GPA for a student to be considered for a Transfer Entitlement award.

Reestablished Grade Point Averages

Reestablished GPAs can be submitted for students who wish to improve, or reestablish, their GPA by attending a California Community College. Only California Community Colleges may submit reestablished GPAs. Students for whom reestablished GPAs are submitted will only receive consideration for a Cal Grant B Competitive award.

Test Scores

Test scores can be submitted in lieu of a GPA in certain circumstances. The acceptable tests are the General Educational Development Test (GED), the American College Test (ACT) and the Scholastic Aptitude Test (SAT I). The Commission does not accept the SAT II subject tests or the California High School Proficiency Exam (CHSPE).

College Grade Point Averages

Any college may submit a GPA on behalf of a student for consideration for a Cal Grant Competitive award. A college GPA will not be considered for a Cal Grant Entitlement award.

Chapter 4, The Cal Grant Application Process

4.3 Calculating Grade Point Averages

For Cal Grant purposes, GPAs must be calculated based on the requirements in the California Code of Regulations (CCR) Title 5, Division 4, Article 1, §30007.

High School Grade Point Averages

A high school GPA must be calculated on a 4.00 scale computed to two decimal places. Grades for coursework based on any scale other than a 4.00 maximum scale must be converted to a 4.00 equivalent prior to inclusion in the calculated GPA. If a grade cannot be converted to a 4.00 equivalent, it cannot be included as part of the Cal Grant GPA. The high school GPA must include all coursework for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year.

For high school graduates who apply after their senior year, their high school GPA includes senior year coursework. A student who will complete high school after her/his junior year will have a GPA calculated on all sophomore (grade 10) and any junior (grade 11) work completed as of the time of GPA certification. Although the school may technically consider this student a senior level student, all grades from coursework completed as of the time of GPA certification should be included.

Failed Coursework- GPAs shall only include the most recent grade for any course repeated by a student. Failed coursework must be included if it has not been repeated at the time of GPA certification.

Some Items Excluded- The GPA must *not* include grades from physical education, Reserve Officer Training Corps (ROTC) and remedial courses. Grades from the summer prior to the sophomore year are to be excluded from the GPA calculation for all students,

including those who have already advanced to sophomore (grade 10) status.

Remedial? The term "remedial" is not defined by statute. Therefore, high schools should apply the definitions used by their institution, applying these standards consistently for all GPAs calculated.

All GPA certifications, including high school GPAs submitted by colleges, must indicate that the GPA was calculated using high school grades. The high school GPA certification requirements must be met whether or not a postsecondary institution certifying the high school GPA accepts the high school units for admission purposes.

Definition of "Nontransferable Units" and "Courses Not Counted-" "Nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are defined for postsecondary institutions as follows:

Baccalaureate Degree Granting Institutions- For purposes of computing a college grade point average by a postsecondary institution that grants baccalaureate degrees: "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are those courses which do not earn credit for a baccalaureate degree from the reporting institution.

Associate Degree Granting Institutions- For purposes of computing a college grade point average by a postsecondary institution that grants associate degrees: "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a

Chapter 4, The Cal Grant Application Process

baccalaureate degree" are those courses which do not earn credit for an associate degree at the reporting institution.

Institutions That Grant Neither Baccalaureate Nor Associate Degrees- For purposes of computing a college grade point average by a postsecondary institution that does not grant either a baccalaureate or an associate degree: "nontransferable units" are those units which are not used in satisfying requirements for earning a baccalaureate degree from a California public institution of higher education that grants such a degree. "Courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are any courses for which the earned grade is not used in the computation of a GPA in determining admission eligibility, whether or not units earned for the course are transferable to such an institution. In all instances, a GPA can be calculated from units earned at the school.

California Community College Grade Point Averages

For purposes of computing a community college grade point average: "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" means all courses except "Associate Degree Credit Courses" as defined by Title 5, Chapter 6, Article 1, §55002(a) of the California Code of Regulations.

Reestablished Grade Point Averages

Applicants who cannot meet the high school GPA requirements for any reason, or who have not yet completed the required 24 units to use a college or community college GPA, may be able to submit a community college reestablished GPA. A reestablished GPA:

- ✓ is calculated on at least 16 units, but less than 24 units, of eligible coursework earned at a California Community College that meets the community college GPA requirements in this chapter
- ✓ may only be calculated and submitted by a California Community College
- ✓ may only include units actually earned at a California Community College
- ✓ will be used only for competitive Cal Grant B consideration

College Grade Point Averages

A college GPA must be calculated on a 4.00 scale using all college coursework completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree. "All college work completed" includes all coursework for which grades are known to the reporting official and accepted for credit at the school reporting the GPA, regardless of the grade received.

A college GPA may only be computed for students who have earned or received a minimum of 24 college semester units, or the equivalent, regardless of the grade received. 24 semester units is equivalent to 36 quarter units and 900 clock hours.

4.4 Submission of Grade Point Averages

Each year the Commission issues guidance through Grant Operations Memos regarding GPA submissions. The Commission usually begins accepting verified GPAs for the March 2 deadline at the beginning of November prior to the deadline (e.g., GPAs for the March 2, 2005, deadline can be submitted as early as November 1, 2004). Any GPA received for the March 2 deadline for a student that does not receive a Cal Grant award will also be

Chapter 4, The Cal Grant Application Process

considered for the September 2 competition. Schools may submit GPAs for the September 2 deadline beginning in mid-May.

The most efficient way to submit GPAs is through the Commission's GPA Collection System via WebGrants. The WebGrants' GPA function provides immediate feedback on the number of GPAs that have been accepted, it also identifies any errors in the school's upload file. Through the online GPA function, GPAs are certified electronically, thus eliminating the need to fax or mail a GPA Verification Form.

For access to WebGrants or the GPA functions, contact your campus system administrator. Verified GPAs may also be submitted on individual GPA Verification Forms. Submissions through e-mail are not allowed due to privacy and security issues.

What happens when the deadline falls on a Sunday or holiday?

The statutory Cal Grant filing deadlines are March 2 and September 2 of the award year. When either deadline day falls on a Sunday or holiday, GPAs and FAFSAs postmarked or filed electronically on the next business day are legally acceptable.

School Certification of Grade Point Averages

For every grade point average reported, the Commission requires a certification of the accuracy of the data. The certification is a statement that, to the best knowledge of the school official filing the report and under penalty of perjury, the grade point average is accurately reported. The certification shall include a statement that it is subject to review by the Commission.

Timing of Grade Point Average Submissions

For high schools, the Commission recommends that GPA certifications be completed as early in the year as possible since the calculation is based on coursework that was completed in the previous academic year. Since college GPAs include all completed work, the Commission recommends that colleges choose one date to perform GPA extracts in order to provide consistent data for their students.

Any GPA received for the March 2 award selections that does not lead to an award offer is automatically included in the September 2 award selection. However, if additional terms have been completed, it is recommended that schools resubmit GPA files using the most up-to-date GPA data.

Late Institutional GPA Submissions

The Commission may accept, on a case-by-case basis, the submission of GPAs from institutions after the established deadline if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the GPAs by the reporting institutions by the established deadline. In such cases, any request to the Executive Director to accept GPAs after the established deadline shall be received by the Commission no later than twenty (20) days after the established deadline and the computed GPAs shall be included with the request.

The Commission will notify applicants who submit an incomplete application prior to the deadline and allow a grace period of ten (10) days for the applicant to file a corrected or completed GPA. A corrected or completed submission postmarked within the 10-day period shall be treated as received by the deadline.

Chapter 4, The Cal Grant Application Process

Multiple Grade Point Averages

Due to the exceptional nature of the reestablished GPA, some Cal Grant applicants may legitimately be in a situation where both a high school and reestablished GPA or college GPA could be submitted. This would occur for students who are still in the Entitlement two-year application "window," yet who have already earned enough college units to have a reestablished GPA or college GPA submitted.

Community colleges should be aware that in order to act in the best interests of a Cal Grant applicant it would be preferable, if both a high school GPA and a reestablished GPA could be submitted for the student, that the reestablished GPA should *not* be submitted if:

- ▶ the student is within the two year "window" for Entitlement consideration, has a high school GPA high enough for Entitlement purposes and meets the other Entitlement selection criteria
- ▶ the reestablished GPA is below 2.00 which therefore would disqualify the applicant from Cal Grant B, *or*
- ▶ the student's course of study length is less than one year and would therefore disqualify the applicant from Cal Grant B consideration

4.5 Submitting Test Scores

Test scores can be submitted in lieu of a GPA in any of the following circumstances:

- ▶ the applicant does not have a GPA
- ▶ the applicant's GPA was earned at a high school that does not meet the secondary school GPA submission requirements
- ▶ the applicant's GPA was earned at a foreign school or the foreign school does not meet the institutional GPA submission requirements
- ▶ the applicant's GPA is more than 5 years old as of the March 2 or September 2 filing date (optional)

If test scores will be submitted in lieu of a verified GPA, students must take the test in sufficient time to meet the appropriate postmark deadline required for program submission. When submitting test scores, students should attach a properly completed GPA Verification Form to the test results (excluding the GPA certification). This will ensure that students are fully considered in all award selection categories.

To submit SAT, ACT or GED test results, applicants should complete the *Student Aid Commission Grade Point Average Verification Form* (except for the GPA certification) and then attach a copy of their test scores to the form.

4.6 Completion of the Free Application for Federal Student Aid (FAFSA)

The Free Application for Federal Student Aid, or FAFSA, is available online at www.fafsa.ed.gov and on paper, in both English and Spanish. In addition to income—taxable and nontaxable—the FAFSA takes into consideration the current net value of savings, stocks, mutual funds, college savings plans, real estate investments and trusts when calculating a student's expected family contribution.

The information provided on the FAFSA is used to determine a student's eligibility for a Cal Grant, as well as other Federal and State aid. Specifically, income and asset information, Expected Family Contribution (EFC), dependency status, and school choice are factors in the Cal Grant selection process. In addition, responses to the Parent's Education Level and Orphan/Ward of the Court questions are included as part of the Cal Grant Competitive scoring. More information regarding the selection process is discussed in Chapter 5.

Chapter 4, The Cal Grant Application Process

Only one FAFSA needs to be submitted for each school year, and photocopies or faxes of the form are not accepted.

Each year the Commission produces a variety of information designed to assist students and parents with the completion of the FAFSA.

Students and financial aid administrators should be aware that the awarding of a Cal Grant might be delayed or forfeited if FAFSA applications or GPA verification forms are completed incorrectly or if required information is not provided. Students who become aware of an error or omission on their FAFSA should send corrections directly to the processor by the application cycle deadline. The use of a PIN code to submit corrections online can speed this process considerably.

Timely Filing

Applicants must complete a FAFSA, either online or paper, and submit it between January 1 and March 2 in order to be considered for a Cal Grant A, B or C during the March 2nd Entitlement and Competitive Cycles. There is also a second round of Cal Grant competitive awards (C2) with a September 2 deadline for students attending a California Community College. Applicants must also have their GPA certified by a school and submitted by the deadline. March 2 is the absolute postmark deadline to file for any new Cal Grant award. Students are encouraged to obtain a US Postal Service Certificate of Mailing as proof of filing by the deadline date. Any FAFSA dated or mailed prior to January 1 will be returned to the applicant.

FAFSA on the Web

The easiest and fastest way to apply for federal and state student aid is by using *FAFSA on the Web* at www.fafsa.ed.gov. The site is available in both English and Spanish. Students can apply 24 hours a day, seven days a week starting January 1.

FAFSA on the Web uses skip logic, so students are asked only those questions that apply to them. Built-in prompts and on-the-spot corrections mean significantly fewer errors. There is also online help for each question. *FAFSA on the Web* has a feature that lets students exchange live messages with a customer service representative. The FAFSA can be saved for up to 45 days after each time the application is opened, so it does not need to be completed in one sitting. In addition, the FAFSA will be transmitted to the federal processor within seconds, and students could receive their SAR within 72 hours, if they provide their email address. To learn more, go to www.fafsa.ed.gov or call 800.4FED.AID.

4.7 Cal Grant C Supplement

Each year after the March 2 competitive cycle has been completed, the Commission reviews applicants who were not awarded to determine potential eligibility for Cal Grant C. The Commission mails a Cal Grant C Supplement to these applicants. The supplement requires:

- ✓ Information about the student's educational plans
- ✓ Information about the student's education and work experience, *and*
- ✓ A recommendation from a professional person who knows the student and can comments about the student's interest and/or achievement in the occupational or technical area for which they plan to pursue

At the same time the supplements are mailed, the student is placed on a list that will be made available via WebGrants to the first eligible school listed on the student's FAFSA. Schools are encouraged to contact these applicants to help them understand the importance of completing and returning the supplement to the Commission.

Chapter 4, The Cal Grant Application Process

The supplemental application must be returned to the Commission for the student to compete for a Cal Grant C award. The deadline is May 15.

4.8 Enrollment Disk for September Deadline – Community Colleges

To receive consideration for a September 2 Community College Cal Grant A or B, the student must submit a FAFSA and GPA Verification using the same processes as for the March 2 deadline. In addition, the student must be enrolled at a California Community College.

Only Confirmed Community College Students-

The major difference between the September 2 and March 2 competitive selection pools is the requirement that only confirmed community college students can participate in the September 2 award selection. The Commission requires that community colleges submit attendance data to allow the selection of only those students actually in attendance at a community college. Each year, a Commission Operations Memo will provide the information that community colleges will use to release attendance data, including the attendance data submission deadline. That deadline will be approximately September 9 each year.

Data for All Students- When preparing the attendance census, data for *all* students in attendance should be submitted. Even though half-time attendance is required for Cal Grant payment eligibility, no filtering based on the number of units a student is enrolled in should be done when preparing attendance data.

Show Each CCC Separately- In some cases, a community college district may choose to report fall enrollment information for all colleges in the district. If the district does plan to report enrollment data from multiple colleges, separate files should be created.

5 Cal Grant Award Selection Process

5.1 Overview

Each January, the Commission begins receiving ISIR records from the FAFSA Central Processor. ISIRs for the Commission are placed in a "mailbox" set up by the USED. The Commission's mailbox is populated with all ISIRs generated from FAFSAs that matched at least one of the following profiles:

- ✓ Completed by a California resident
- ✓ California school listed in FAFSA Step Six



Once the Commission begins receiving ISIR records, the annual Entitlement award processes begin. ISIR records are reviewed, matched with GPA records and then processed for Cal Grant Entitlement eligibility. The Cal Grant Entitlement Program selection process runs weekly throughout the year. Previously unawarded Entitlement applicants are re-evaluated each time updated information is received, provided that the initial application data were submitted by the March 2 deadline.

Applications for Cal Grant Competitive applicants are held and processed all at one time. The date for the Competitive run is based on information received from the Central Processor that applications postmarked by the March 2 deadline have been processed through their system. The Commission uses the most recent ISIR record on file when the competition is run.

5.2 Cal Grant A & B Selection Process

There are six basic steps to the Commission's selection process. Applications are first checked for potential eligibility for a Cal Grant High School Entitlement award.

Step 1: Filter

All ISIR records are first reviewed for a matching high school GPA within the correct graduation date range for a high school Entitlement award. If no graduation date is listed, an age proxy is used to determine potential Entitlement eligibility. Applications meeting the filter criteria are also checked for a valid Social Security number and to determine if an Expected Family Contribution (EFC) has been calculated.

Applications not meeting the criteria for the high school Entitlement are then checked for a matching CCC GPA within the correct graduation date range for a Transfer Entitlement award. If no graduation date is listed, an age proxy is used to determine potential Entitlement eligibility. The date of birth is also checked to exclude applicants over 24 years of age. Applications are also reviewed to see if the applicant has listed at least one baccalaureate degree-granting institution. Applications meeting the filter criteria are checked for a valid Social Security number and to determine if an EFC has been calculated.

Applications that were not already processed through either the High School Entitlement process or the Transfer Entitlement process are held until the Competitive Cal Grant process is run. When the Competitive process runs, applications are first screened to determine if an EFC has been calculated. Applications without an EFC or a valid Social Security number are not processed further.

Student notifications: Blank EFC letters (Entitlement applicants only)

School access: None, students do not yet appear on WebGrants

Chapter 5, Cal Grant Award Selection Process

Social Security Number Edits

All new grant applications are edited for a valid SSN through a range check of the three sections of the Social Security number. The edit requires that the first three digits meet the following range criteria:

- Greater than or equal to 001 and less than or equal to 587; or
- Greater than or equal to 589 and less than or equal to 649; or
- Greater than or equal to 700 and less than or equal to 728.

The edit also requires that the middle two digits be greater than 00 and that the last four digits be greater than 0000.

Step 2: Validation

The ISIR records are next matched with the Commission's database to determine if the name, date of birth and Social Security number match existing records. The database is also checked to see if the student has an existing Cal Grant award. New student records are added to the database. Those with mismatched data or those who were previously awarded, are held for manual review; however, only Entitlement-eligible students are given the opportunity to correct their application data.

Student notifications: None

School access: None, students do not yet appear on WebGrants

Step 3: Match GPA/Test score

The system next looks for a GPA or test score for the applicant, and the database record is updated with the specific GPA or test score data. If multiple GPA records are found for a student, the highest appropriate GPA is used. (See Chapter 4 for more information.) Test scores are converted to a GPA equivalent. In order to provide a general idea of the

conversion, the following chart summarizes the test score equivalents for a 2.0 and a 3.0 GPA.
Student notifications: None

School access: None, students do not yet appear on WebGrants

Minimum Required Test Scores

	2.0 Equivalent	3.0 Equivalent
SAT (Composite)	854	968
ACT	16	26
GED	46	63

Step 4: Non-financial Edits

Common Edits- The application is first reviewed for overall Cal Grant eligibility. These are called common edits as described in Chapter 3. The following fields are checked:

- ✓ California residency
 - ✓ California residency at time of HS graduation (Entitlement applicants only)
 - ✓ Eligible California School listed
 - ✓ No bachelor's degree received
 - ✓ Education level < 5
 - ✓ Remaining Cal Grant eligibility.
- All students are subject to these edits.

Program Edits- Next, the specific program eligibility is checked. These are called program edits. The following factors are reviewed:

- ✓ Eligible school (for specific program)
- ✓ GPA (2.0 for Cal Grant B and 3.0 for Cal Grant A) (2.40 for transfer Entitlement A&B)
- ✓ Degree objective (for Cal Grant C)
- ✓ Remaining eligibility by program

Student notifications:

Entitlement: "Application on-hold" letter and correction form

Competitive: "Application disqualification" letter sent

Chapter 5, Cal Grant Award Selection Process

School access: Schools can view the reason(s) why an application rejected due to the common edits on the WebGrants Student Award Summary screen in the "C/E Reason" column. Program edit disqualifications can be viewed on the same screen in the "P/E Reason" column. The Award Status column will display either "C/E DISQ" or "P/E DISQ." Further detail can be viewed in the Student Award Detail screen.

Step 5: Financial Edits

Applications passing all the non-financial edits are then reviewed to determine if the applicant meets the financial eligibility requirements. There are four financial edits: income, assets, financial need and minimum need.

Income Ceilings- The application is checked to ensure that the applicant does not exceed the income ceilings.

Dependent students: The parent's total income, as calculated by the federal processor, is checked against the maximum amount for Cal Grant A and Cal Grant B based on family size.

Independent students: The student's total income, plus those of their spouse (if applicable), as calculated by the federal processor, is checked against the maximum amount for Cal Grant A and Cal Grant B based on family size.

Asset Ceilings- The application data is checked to ensure that the applicant does not exceed the asset ceilings. The parent's net worth, as calculated by the federal processor, is checked against the maximum amount for dependent students. For independent students, the student's net worth, plus that of their spouse (if applicable), is reviewed.

Financial Need- The financial need amount is then checked using the cost of attendance reported by the first eligible California school

listed on the applicant's ISIR. The calculation method uses the following formula:

$$\begin{array}{r} \text{Cost of Attendance} \\ - \text{EFC} \\ - \text{Veteran's Benefits} \\ \hline = \text{Need} \end{array}$$

If the result of the calculation is zero or less, then the application will fail with a reason code, "No Financial Need."

Minimum Need Not Met- Using the formula above for calculating need, Cal Grant A and C applicants must have financial need equal to or greater than the maximum Cal Grant tuition award at the school listed first on their ISIR, plus \$1,500. For Cal Grant B selection, an applicant must show at least \$700 in need to pass this edit.

Student notifications:

Entitlement: "Application disqualification" letter and correction form

Competitive: "Application disqualification" letter sent

School access: Schools can view the reason(s) why an application rejected due to the financial edits on the WebGrants Student Award Summary screen in the column "P/E Reason." The Award Status column will display "FIN INEL" and the "P/E Reason" column will display the reason(s) the application failed. Further detail can be obtained from the Student Award Detail screen.

Step 6: Scoring and Selection

Students who are eligible for a Cal Grant A or B Competitive award based on successfully passing all of the non-financial and financial edits are then scored based on criteria set by the Student Aid Commission. California statute directs the Commission to establish selection criteria for Cal Grant Competitive A and B awards that give special consideration to

Chapter 5, Cal Grant Award Selection Process

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. These criteria are reviewed annually and updated as needed. See chart below.

Scoring Categories

Category	Maximum Points
Grade Point Average (GPA)	70
Parents' Educational Level	18
Access Equalizer	18
Family Income & Household Size	76*
Applicants can receive points in one of the following categories:	
- Single Parent Household	18
- Married/single independent student	18
- Ward of the court- if unmarried with no dependents	22
Maximum Total Points	200

*A ward of the court, if unmarried with no dependents can receive only up to a maximum of 72 points in this category. As a result, no applicant can score higher than 200 points.

Top 2% Students- The scoring process described above is used for Cal Grant B Entitlement recipients to select the top 2%. Those students scoring in the top 2% are eligible for a tuition and fee award, in addition to the access award, during their freshman year. This process is run in June after the majority of Entitlement recipients have been selected.

GPA- The GPA score is obtained using the GPA verified by school officials. Points range uniformly from 0 to 70, depending on the verified GPA.

Parents' Educational Level - For each parent, an applicant receives:

- 0 points for any college educated parent,
- 5 points for each high school educated parent,
- 9 points for a parent with middle school/junior high education, or
- 9 points for applicants indicating the parent educational level is other or unknown.

Access Equalizer- This process awards points to Competitive applicants who had a "disadvantaged high school experience." Points are assigned based on one of the following categories:

- Submitted a General Equivalency Development (GED) test score (18 points),
- Has a GPA verified by a California continuation high school (18 points),
- Attended a high school in the upper quartile based on number of participants in the federal Title I program (18 points), or
- Ranks in the lowest quartile for university-going rates and has at least 25% participation rate in the federal Title I free or reduced price lunch program (18 points)
- If the student is a late or reentry student, the number of assigned Access Equalizer points will vary depending upon the educational level of the student and the number of years since the student has attended high school per the following chart.

Chapter 5, Cal Grant Award Selection Process

Late or Reentry Student Access Points

# of Years Out of High School	Educational Level				
	No College	1	2	3	4
2-3	9	6	3	0	0
4-5	12	9	6	0	0
6-7	15	12	9	3	0
8 or more	18	15	12	6	3

Family Income/Household Size- Points are assigned uniformly from 30 to 76 depending on family income and size of household. Wards of the court who are unmarried and without dependents can only receive up to a maximum of 72 points in this category.

Student or Parent Household Status-

Applicants can receive points in one of three categories:

- Dependent applicants: Receive 0 points if their parents are married or 18 points if their parents are single, separated, divorced or widowed.
- Independent applicants: Receive 18 points if unmarried with dependents. Independent applicants who are married and/or have no dependents received 0 points.
- Wards of the court: Applicants who are unmarried, without dependents and indicate they are or were orphans or wards of the court receive 22 points.

Once the applications are scored, the top 11,250 for each Competitive cycle are selected.

Student notifications: All applicants who go through the selection process with a complete application (FAFSA + GPA) receive a notification letter. Students who have been

awarded receive a California Aid Report (CAR) and non-recipients receive a letter notifying them that their score was too low to receive a Cal Grant award.

School access: Schools can view an applicant's final award status on the Student Award Summary screen, the Student Award Detail screen and the California Aid Report screen. An applicant's score can also be viewed on the Student Award Detail screen. All three screens are located in the Student Info Main Menu on WebGrants.

No (Other) Scoring for Entitlement- There is no scoring process for Entitlement Award applicants (other than the top 2% of Cal Grant B Entitlement recipients, described previously). All applicants meeting the general eligibility and financial requirements receive an award. Eligible applicants are selected for either a Cal Grant A or B based on their GPA and income. Applicants eligible for both a Cal Grant A and a Cal Grant B Entitlement are awarded based on which award will be most beneficial at the school they are most likely to attend. Students may switch their program preference, with consent from their school's financial aid office, prior to the time they receive their first Cal Grant payment.

5.3 Student Notifications

Notification of New Recipients

The Commission uses the CAR to notify new recipients of their Cal Grant award. The CAR explains the student's award status at the first three eligible California schools the student listed on the Free Application for Federal Student Aid (FAFSA). If the student is a Competitive applicant and found ineligible for the first school reported, no other eligible California schools will be considered for eligibility.

Chapter 5, Cal Grant Award Selection Process

CAR Enclosures- Included with each CAR is a New Recipient Cal Grant Reference Manual and a New Cal Grant Recipient Change Form. The Recipient Change Form should be filled out and returned only if the student's current information, as shown on the CAR, is different from the Commission's records. Although the CAR lists up to three schools, the student will be included only on the Cal Grant roster for the first school listed on the CAR. Participants are instructed to report to the Commission if they attend any school other than the one listed first on their CAR.

Examples of CAR Use-As stated above, the CAR lists eligibility information for up to three schools in the same order listed on the FAFSA. Only those California schools at which the student has eligibility in at least one Cal Grant program are listed. The school and grant program for which a dollar amount is listed is the "auto accept" (or automatically accepted) award. If the student qualifies for more than one grant program at a given school, the "auto accept" grant is the grant the school or the Commission has determined would be the most advantageous to award to the student.

Second \$\$ amount on CAR? The recipient may be eligible for an award in a different grant program, as indicated by a second dollar amount or an appropriate reason code on the CAR. The student should review all the information provided on the CAR to determine if a change of school and/or grant program choice is needed.

Student attends second school listed. If the student decides to attend a school other than the first one listed on the CAR, the student should immediately return the *New Recipient Change Form* to report their actual school of attendance or have their school submit a school change through WebGrants.

Additional examples and a description of the codes used on the CAR are included in Appendix XX.

Notification of Non-Recipients

All applicants submitting complete applications for a Cal Grant, by the appropriate filing deadline, will receive notification of their grant status. As described above, there are various stages during the awarding process that generate correspondence.

Students who submit incomplete or late applications will not receive notification.

"Blank EFC" Letter- Applicants whose ISIR record could not be processed further because an Expected Family Contribution (EFC) was not calculated by the federal processor will receive a "Blank EFC" letter. These letters are only produced for applications being processed through the Entitlement cycle. Entitlement applicants should make corrections to their Student Aid Report (SAR). The Commission will continue to process the new ISIR records and will update the student's record when the EFC is received.

The reasons for a missing EFC usually include a failure to provide parents' income(s) or a failure to complete required sections of the FAFSA. The ISIR information from an incomplete (no EFC) ISIR cannot be viewed by Commission Customer Service staff. Therefore, applicants without an EFC, who require more information on their status, must contact the Federal Student Aid Information Center at (800) 433-3243 to determine why no EFC could be produced.

"Application on-hold" letter and correction form- Applicants not selected as recipients receive notification letters explaining the reason(s) they were not awarded. The letter

Chapter 5, Cal Grant Award Selection Process

lists the specific disqualification reason(s), and includes an *Entitlement Non-Recipient Fact Sheet* and an Application Correction Form (G-23).

"Application disqualification" letter- Ineligible Competitive award applicants with complete applications will receive a letter and a *Competitive Non-Recipient Fact Sheet*. No correction form is supplied to ineligible Competitive award applicants. Although the Commission will respond to any correspondence received from a student, parent or school, appeals for Competitive award applicants will be reviewed only for Commission procedural compliance. Information on student and institutional appeal procedures is described later in this chapter.

5.4 School Notifications

All new Cal Grant recipients will appear on the Cal Grant payment roster of the first school listed on the CAR. Rosters are generated beginning in January of the award year. Schools may process school changes for new recipients using WebGrants at any time after they are awarded.

Schools can view a student's award status and the CAR data using the Student Info screens on WebGrants. The CAR is retrieved by using the student's Social Security number and the year of the CAR. On WebGrants, the 2004-05 year will be entered as "2005." If the student has had more than one CAR issued, a new window will open allowing the selection of the desired CAR. Since the CAR represents the original award offer made to a student, it does not necessarily reflect the student's current Cal Grant status.

Schools wishing to check the status of a group of students who have been admitted to their

institution can upload a file of Social Security numbers through the Award Status Extract process and receive a report listing Cal Grant recipients.

5.5 Cal Grant C Selection Process

In addition to the basic Cal Grant program requirements, applicants are considered for a Cal Grant C award if **all** of the following are true:

- The applicant is not Cal Grant A or B eligible.
- The FAFSA indicates a Cal Grant C eligible school.
- The applicant indicates on the FAFSA that he or she will be working toward a vocational degree or certificate.
- The applicant shows financial need of at least the maximum Cal Grant C tuition payment payable for the school segment the student is attending, plus \$1,500, and is below program income and asset ceilings.

Student notifications: If all of the above are true, the applicant is mailed a *Cal Grant C Supplement* following Step 6 of the selection process described in the previous section. Cal Grant C recipients are selected according to a composite score based on responses to questions on the *Cal Grant C Supplement* plus the initial GPA information, if received. A GPA is not required, but may provide a higher score for the student. *Cal Grant C Supplements* are evaluated and scored based on a student's past performance, e.g., work history, experience, educational history, vocational/educational recommendation, and GPA (see below). The *Cal Grant C Supplement* must be completed and returned by the May 15 deadline to be included in the competition.

School access: Schools may view a list of Cal Grant applicants that listed their institution as

Chapter 5, Cal Grant Award Selection Process

the one they are most likely to attend using the Cal Grant C Supplement Recipient Report located on the Data Transfer Report Download screen on WebGrants. This report is generated once a year and is only available online.

Cal Grant C Scoring Criteria

Other than the GPA (if submitted), the Cal Grant C scoring factors are all taken from the *Cal Grant C Supplement*. Once submitted, no changes to the *Cal Grant C Supplement* information will be accepted.

Cal Grant C Scoring Criteria

Weighted Factors	Maximum Points
Work History	25
Educational History	25
Recommendation	35
GPA	15
Total	100

5.6 September 2 Competitive Selection Process

The selection of September 2 deadline Competitive awards is similar to the March 2 Competitive award process. Applicants who applied for, but did not receive, an award during the March 2 processes are automatically considered during the September selection process. The primary difference between the two Competitive processes is the initial filter. In addition to filing a FAFSA and a GPA by the September 2 deadline, the applicant must also appear on a California Community College enrollment file. The process for submitting an enrollment file is described in Chapter 4.8.

The filter checks that a FAFSA, GPA and Enrollment Verification were received. Any applications not meeting these criteria are not processed further.

The same scoring matrix is used and Competitive grants are awarded to those meeting the selected cutoff score.

5.7 Correction and Appeal Process ISIR Drawdown Process

Between January 1 and March 2, corrections made to the SAR, either on-line by the student or school or on the paper SAR, will be applied by the federal processor. Upon processing, another SAR version will be created and made available to the student, the schools listed on the SAR and the Commission. Early filing of the FAFSA allows the maximum time to submit any changes to SAR data.

After the March 2 or September 2 deadlines, ISIR corrections sent through the federal processor will still be accessible for Cal Grant purposes because the Commission is still drawing down the ISIRs and corrected ISIRs on a daily basis.

ISIR Data Corrections

After the competitive process runs, only corrections to ISIR data for Entitlement non-awarded applicants will be accepted. Schools can submit these changes via the *Grant Record Change Form for Schools* (G-21) or on-line through WebGrants. Schools should submit only those corrections that will lead to an award notification. In instances where the school cannot make this determination, assistance can be obtained from the Commission.

Chapter 5, Cal Grant Award Selection Process

Entitlement GPA Corrections

GPA corrections for Entitlement applicants should be made by the school that originally supplied the GPA. Properly certified Entitlement GPA corrections will be accepted after the filing deadline with a tentative final correction date of November 30 of the award year. GPA corrections should be made on school letterhead with the GPA and a statement that the GPA was calculated in accordance with the requirements of the Cal Grant program. Transcripts will not be accepted as means of correcting a Cal Grant GPA.

Competitive GPA Corrections- Once the award selection has been made, GPA corrections for Competitive applicants are not accepted. Should an unsuccessful March 2 Competitive applicant wish to submit a newly calculated GPA for the September 2 award competition, this is done in the same manner as any regularly submitted September 2 GPA and is not considered a correction.

Demographic Corrections

Once an applicant's record is loaded to the Commission's system, demographic changes such as name, address, phone number and Social Security number must be made directly to the Commission. Students can make these types of corrections on a *Grant Record Change Form for Students (G-10)* with appropriate documentation submitted for name and Social Security number changes. Schools can submit demographic changes using the WebGrants Demographics screen located under the Student Info menu.

Address changes for Entitlement recipients may be possible as early as January. Since Competitive award applications are not loaded to the system until shortly before the award

selection, it will not be possible to update address changes directly to GDS until after the award selection process is complete. The Commission will use the most recently processed ISIR so demographic changes should be made through the SAR correction process until the final drawdown occurs.

Appeals

A new or renewal applicant who was denied a Cal Grant, withdrawn from the program, or who believes that he or she received less than the maximum amount of award eligibility, may appeal his or her status to the Commission. Presentation of an appeal does not guarantee that an award offer will be made, but it will assure that a Commission analyst reviews the applicant's situation.

Funding is guaranteed for all eligible Cal Grant Entitlement applicants who meet the filing deadline. Appeals and data corrections are encouraged for students who met the filing deadlines, yet did not receive Entitlement award consideration. For Cal Grant Competitive award applicants, however, no guarantee of funding is made and it is unlikely, **even upon appeal**, that an award offer will be made due to the limited number of available awards.

Prior to sending an appeal, students are advised to carefully review the correspondence sent to them and to visit the Commission's Web site to obtain as much information as possible on the eligibility criteria for the Cal Grant program to determine if an appeal is appropriate.

All appeals should be made in writing and mailed to the Commission at the following address:



California Student Aid Commission
Grant Services Division
P.O. Box 419027
Rancho Cordova, CA 95741-9027

Chapter 5, Cal Grant Award Selection Process

The appeal letter should clearly state the reason for the appeal and should contain at least the following information:

- ✓ Student's complete name
- ✓ Student's Social Security number, or CSAC ID
- ✓ Student's complete address
- ✓ Student's phone number
- ✓ A photocopy of all Commission correspondence that relates to the student's appeal

Professional judgment at school- Information on special circumstances regarding the student's financial or family situations should be resolved by the financial aid office; the Commission has no authority to exercise professional judgment. Schools may send application corrections to the Commission if exercising their professional judgment following the correction process described above.

For reconsideration of an award due to the Commission's non-receipt of a form, a photocopy of the properly completed document and an authoritative proof of mailing dated by the due date should be included with the appeal letter.

Acceptable documentation includes:

- ✓ US Postal Service Certificate of Mailing (preferred)
- ✓ US Postal Service Certified Mail Receipt
- ✓ US Postal Service Registered Mail Receipt
- ✓ Federal Express, UPS or other private mailing service receipt showing the item was delivered to the correct address on time
- ✓ For *FAFSA on the Web* applicants, a printout of their "confirmation" page, along with the application confirmation number, can be used as proof of timely submission


A proof of mailing that displays any "mailed to" address other than the Federal Student Aid Programs- for FAFSA applications, or the

Commission- for a GPA certification, cannot be used to show proper mailing of the application. Although the mailing may be timely, the Commission will not accept responsibility for mail addressed incorrectly.

Appeals that are otherwise complete may be denied if the appeal was not received in a timely manner. The Commission cannot release funds for past year awards.

Commission Review of Appeal Letter

Commission Customer Services Branch staff will review the applicant's situation to determine whether the current status of their application is consistent with Commission procedures, policies and program regulations. Although, formal appeals cannot be accepted via e-mail, questions on the student's situation can be answered via e-mail at the Customer Service e-mail address: custsvcs@csac.ca.gov.

 A telephone inquiry to Commission Customer Service staff at (888) 224-7268 can also answer any questions.

The Commission will examine the following to determine the validity of each appeal letter:

- ✓ The documentation enclosed with the appeal letter (checking for completeness, validity, and timeliness of submitting the appeal letter)
- ✓ The student's record on the Grant Delivery System (GDS)
- ✓ The appropriate reference manuals, fact sheets, guidelines and other materials pertaining to the student's appeal (program regulations and Commission policies may also be examined)

6 Renewal of Cal Grant Awards

This chapter covers the process by which Cal Grants are renewed, including notifications to both students and schools and the role of the school in determining a student's eligibility for continued payment.

Each year in early July the Commission begins the renewal process. The Commission's process automatically renews all students who are active program participants (see below) and have remaining Cal Grant eligibility. It is the school's role to determine the student's actual payment eligibility.

6.1 Commission's Renewal Process

Cal Grant A and B

Cal Grant A and B awards are automatically renewed each year for students who satisfied a minimum number of terms and have at least 10 percent remaining program eligibility. (The Commission does not review a student's ISIR record or verify that an ISIR has been filed for the renewal year when determining renewal eligibility.)

"Satisfy a Term"- as defined by the Commission, means, for the minimum number of terms of the previous academic year, to have a Cal Grant payment reported, have a leave of absence applied for the term, or to have another payment type transaction reported, such as not making satisfactory academic progress.

Minimum Number of Terms

The following shows the minimum number of terms, for the previous academic year, that must be satisfied for renewal purposes:

Semester or Trimester	1 term
Quarter	2 terms

Cal Grant C

Cal Grant C awards are awarded for a specific program length and are not included in the renewal process. Awards are automatically carried over from year to year, provided there is remaining program eligibility. Students then receive a "continuing eligibility" letter.

Cal Grant T


From 1998-99 through 2002-03, Cal Grant T awards were made for the equivalent of one full-time academic year of attendance in an eligible program. Therefore, Cal Grant T recipients who were paid for one full-time year were not eligible to renew the grant. Cal Grant T recipients who attended part-time had eligibility remaining and were renewed for a subsequent year. The procedure for renewing a Cal Grant T participant with continuing program eligibility is the same as the procedure for Cal Grant A and B.

6.2 Notification to the Student

Eligible for Renewal

Following the Commission's internal renewal process, the Commission sends a renewal letter to eligible students informing them that their Cal Grant has been renewed. The notification explains that the Commission has determined that the student is eligible for renewal and that the school is responsible for determining their eligibility for payment. The letter advises students that they must complete and file a FAFSA for the upcoming year, if they have not already done so, and to check with their school to determine if any additional documentation is required. The letter does not contain any indication of a potential award amount. The letter also provides instructions on filing a leave of absence and activating a Cal Grant ACC Reserve Award.

Chapter 6

 A *Renewal Cal Grant Reference Manual*, and a *Recipient Change Form* are enclosed with each letter. Participants can use the *Recipient Change Form* to notify the Commission of changes in school attendance and/or demographic information for the upcoming school year. Students can also use the form to withdraw from the Cal Grant program.

Unable to Determine Renewal Letter

Students whose Cal Grants cannot be renewed due to unreported terms from the prior year are sent an "Unable to Determine" renewal eligibility letter by the Commission around August 1. The letter suggests the student request that their school notify the Commission of their payment eligibility status, or submit a leave of absence if the student was not enrolled. If a payment transaction or leave of absence remain unreported for the minimum number of terms, the student's award will be withdrawn. Several letters are sent to a student prior to withdrawal of a Cal Grant.

Ineligible for Renewal and Limited Remaining Eligibility

During this period, the Commission also sends a letter to recipients whose eligibility for grant benefits has expired and to those who will be expected to use up their eligibility by the end of the upcoming academic year, assuming full-time attendance. The letter also provides specific directions to renewal Cal Grant A and B recipients who plan to enroll in a mandatory five-year program or a teaching credential program, and instructs them regarding how to extend their benefits for an additional academic year.

6.3 Notification to Schools

Students Eligible for Renewal

As students are renewed, they are added to the *Cal Grant Roster* of the school that they most recently attended. This process starts in July and continues through December. Schools are notified via an *Operations Memo* when the renewal process has been completed.

Renewed With Outstanding Transactions

Beginning with the 2003-04 renewal process, schools may view or download a supplemental report, the *Renewed With Outstanding Transactions* report. This report lists all Cal Grant participants whose awards were renewed with an unsatisfied term for the prior year. The report serves to alert schools about any students who may have been eligible for additional payments in the prior year.

Unable to Determine Renewal Eligibility Report

Along with the *Renewed With Outstanding Transactions* report, a report is produced that lists all Cal Grant participants that were on their roster the prior year, for which the Commission was unable to determine renewal eligibility because the student did not meet the minimum term requirements.

The report serves to alert schools of those participants whose grants may be withdrawn unless their status is clarified. The students may have been eligible for payment, or perhaps no leave of absence was reported to the Commission. The report is mailed one month prior to sending the students their *Unable to Determine* letters. This allows the school time to correct any non-payment issues prior to students being notified.

Working the Reports

The Commission advises schools to review both the *Renewed with Outstanding Transactions Report* and the *Unable to Determine Report* and report any outstanding transactions as quickly as possible. This will enable students who should have received payments for the prior year to receive those payments, or file a leave of absence and become eligible for renewal.

Withdrawal Date

The Commission will withdraw the Cal Grant award as of December 31 for all students who appear on the *Unable to Determine* report with

less than the minimum number of terms satisfied for the prior year.

Student Examples/Actions To Be Taken

Below are some situations that may cause inclusion on the *Unable to Determine* and *Renewed with Outstanding Transactions* reports with suggested or required actions for the student, school and/or the Commission:

a. The student was not enrolled at all for the term in question:

Student – Report a leave of absence.

b. The school forgot to report a payment for one or more terms:

School – Report the missing term payment.

c. The student was enrolled at a school other than the one listed on Commission records:

Student – Request school change to school of attendance.

Roster school – Take no action

Actual school of attendance – Report payment if student is eligible.

d. The student was not enrolled for the term(s) in question and was unaware they had a Cal Grant, but is considering attending the next year:

Student – Take a leave of absence for the missing school term(s) and inform the Commission where s/he hopes to enroll for the next year. File a completed FAFSA.

e. The student never informed the school that s/he had a potential Cal Grant and the school has now "closed its books" for that year:

Student - Take a leave of absence for the missing school term(s) and and inform the Commission where s/he will enroll for the next year.

f. The school requested verification documentation from the student; it was not received, so the school could not report payment:

Student - Take a leave of absence for the missing school term(s) and inform the Commission where s/he will enroll the next year.

Roster school – Report nothing if student did not submit required documentation.

g. The student was eligible for payment at a community college and no payment was reported. Student wants to save eligibility for future use:

Student – Request a Leave of Absence for the term(s) in question. (The student is only required to report one leave of absence if attending a semester-based school. The other term will be an automatic leave.)

6.4 School Determination of Renewal Eligibility

The school reporting payment makes the determination of a renewal participant's eligibility.

Once an ISIR for the next year is received, schools must review the student's:

- general eligibility;
- unmet financial need;
- remaining program eligibility; and
- major or academic program

Citizenship and Residency

Students must continue to meet United States citizenship and California residency requirements to retain eligibility for their Cal Grant award.

Satisfactory Academic Progress

Students must be making satisfactory academic progress before grant funds can be disbursed. Schools may use the *Grant Record Change Form for Schools* (G-21), available through WebGrants, or report the appropriate adjustment reason code on the *Grant Roster* to notify the Commission of students who are *not* making satisfactory academic progress.

Minimum Financial Need

Students must have a minimum unmet financial need of at least \$100 to remain eligible for a Cal Grant payment. Minimum financial need is

Chapter 6

calculated as Cost of Attendance (COA), less the Expected Family Contribution (EFC), minus any Pell Grant amount. The income and asset ceilings used for the initial award do not apply to renewal recipients. For more detail on need calculations, see Chapter 6.

Proper Course of Study

Schools should verify students' remaining Cal Grant program eligibility as well as ensure that students are enrolled in a course of study consistent with the type of Cal Grant award they have.

School Notification to Students

Schools are required to notify renewal Cal Grant recipients of their status in the program. Financial aid offices must send the participant a letter, or other confirmation, to notify financially eligible renewal applicants of their Cal Grant eligibility, the amount of the award and any school-specific disbursement timelines and information. Schools must retain evidence of this notification.

Cal Grant participants who contact the Commission about their renewal financial aid eligibility will be referred to their campus financial aid office.

Qualifying for a Cal Grant and a Pell Grant Are Not the Same

Schools should be aware that although many of the application and eligibility determinations for the federal financial aid programs and the state Cal Grant program are the same or similar, there is no direct correlation between the federal Pell Grant and state Cal Grant eligibility.

A student can be eligible for a Cal Grant, but not eligible for a Pell Grant.

It is important that students not disqualify themselves from Cal Grant and other financial aid program consideration based on selection criteria for other programs that do not apply to Cal Grant programs.

7 Program Administration

“New Cal Grant maximum annual award amounts may vary each year depending on the level of funding provided in the Annual State Budget.”

This chapter describes the types of awards available through the Cal Grant program. It also explains the maximum award amounts available, how students may use their Cal Grant eligibility and how schools may activate awards through WebGrants reports.

7.1 Award Types

Cal Grant A

Purpose – Cal Grant A is a tuition assistance program. Awards are for students enrolled in a program of instruction of not less than two academic years that leads to an associate or baccalaureate degree requiring 48 semester units or that results in eligibility for transfer from a community college to a baccalaureate degree program.

There are three Cal Grant A awards available to students: Entitlement, Transfer Entitlement and Competitive. Please refer to Chapter 3, “Program Descriptions and Eligibility” for more information regarding these awards and the Cal Grant A Reserve program.

Eligible Schools – University of California and the California State University, independent colleges and some occupational and career colleges are eligible schools for this program.

§§ Maximum Award Amount – The grant will pay tuition and fees up to the annual award amount for recipients attending tuition charging schools. Award amounts are determined through the state budget process and may change annually.

New Cal Grant maximum annual award amounts may vary each year depending on the level of

funding provided in the Annual State Budget. Annual award amounts will not exceed the maximum annual award amounts for each type of school. For example, if a student is attending a California State University (CSU), the maximum annual award would be \$2,520 (the maximum annual award amount for the 2005-06 academic year at a CSU). If the student is attending a UC, the maximum annual award amount would be \$6,141 (the maximum annual award amount for the 2005-06 academic year at a UC).

Tuition and Fees – Cal Grant A benefits cover up to full systemwide fees at the University of California and the California State University. It provides tuition and fees at independent colleges in California. Cal Grant A awards cannot be used to pay Community College fees. Students who are awarded a Cal Grant A and attend a California Community College will be placed in *Community College Reserve* status and will not receive payment until they transfer to a four-year college.

Cal Grant B

Purpose – Cal Grant B is also a tuition assistance program that has the added component of a living stipend, called “Access.” This program is for students from disadvantaged or low-income families. Coursework must be for at least one academic year, and students must be enrolled at least half-time.

Eligible Schools – University of California and the California State University, California Community Colleges, independent colleges and some occupational and career colleges are eligible schools for this program.

Chapter 7, Program Administration

§§ Maximum Award Amount – The maximum award amount for the Cal Grant B program for most first-year students covers living expenses, books, supplies and transportation, but not tuition and fees is \$1,551. When renewed or awarded beyond the freshman year, the grant covers tuition and fees. The tuition and fee award amounts are the same as those for Cal Grant A. Award amounts are determined through the state budget process and may change annually.

New Cal Grant B recipients awarded through the Entitlement program or the March 2 competition process may transfer to a tuition charging school at any time during their first year of the Cal Grant program and are still eligible to receive the Access portion of the grant at the tuition charging school.

Student “Access” (living expenses, books & supplies) Payment Option – Schools are required to establish and publish a policy that informs students of their options regarding receipt of their Cal Grant B award and their subsequent ability at any time to rescind their existing instructions. Many schools ask students to authorize the school to apply a Cal Grant B Access payment to their tuition/fees or other school accounts. This practice is satisfactory; however, the terms and conditions must be provided in writing to all students. Students have the right to rescind the authorization at any time up to the date the fund transaction actually occurs.

If a student rescinds the authorization after the school has applied the Access payment to his or her tuition/fees or school account, the school would no longer apply the Access payment in the future but does not have to refund disbursement made prior to any rescission.

There are three Cal Grant B awards: Entitlement, Transfer Entitlement and Competitive. Please refer to Chapter 3, “Program Descriptions and Eligibility” for more information regarding the Cal Grant B program.

Cal Grant C

Purpose – Cal Grant C is a tuition assistance grant for vocational students and includes an additional amount for their books and supplies. Students must be enrolled at least half-time in a course of study at least four months in length. Funding is available for up to two years, depending on the length of the program; as long as the student’s academic progress is satisfactory.

Eligible Schools – Cal Grant C recipients may attend occupational, career, or technical training course at any California Community College. In addition, the award may be used for nursing and allied health programs at a hospital school, selected courses at several independent colleges and specialized courses at eligible proprietary colleges.

§§ Maximum Award Amount – Students can receive up to \$576 for training-related costs, including required tools, special clothing, books, equipment and supplies.

Students who plan to attend a school other than a California Community College may also receive up to \$2,592 in tuition assistance.

Please refer to Chapter 3, “Program Descriptions and Eligibility” for more information regarding the Cal Grant C program.

Chapter 7, Program Administration

7.2 Payment Periods for Non-traditional based schools

The Commission recognizes that not all schools operate within the traditional payment period (i.e. quarter or semester terms). Since payment periods vary, schools should contact Cal Grant Operations Branch staff to determine the most appropriate maximum payment period for their students.

7.3 Using Eligibility in the Cal Grant Programs

The Cal Grant programs were designed to give students an opportunity to complete a postsecondary education through a vocational program, a community college program, or a four- or five-year degree program. Upon receipt of a Cal Grant award, students are assigned a level of eligibility based on their grade in college. The level of eligibility represents the total amount of time the student may receive payment in the Cal Grant programs. One hundred percent (100%) represents one year of full-time payment at a traditional term-based school (i.e. quarter or semester terms).

Level of Eligibility

• Freshman (EL 1)	400%
• Sophomore (EL 2)	300%
• Junior (EL 3)	200%
• Senior (EL 4)	100%

For example, a student who enters a Cal Grant program as a freshman will receive 400% eligibility. While eligibility usage is tied to attendance status, eligibility is used for each term the student receives payment and the amount of usage is determined by the type of term. For instance:

- if a student attends a semester or trimester term school, 50% of eligibility will be used for each full-term payment, or

- if a student attends a quarter term school, 33.33% of eligibility will be used for each full-time term payment.

Eligibility is also adjusted for part-time attendance. The following is a breakdown of eligibility based on term type:

Type of Term	Eligibility Used
▶ Semester or Trimester	
Full-time	50%
Three-quarter time	37.5%
Half-time	25%
▶ Quarter	
Full-time	33.33%
Three-quarter time	25%
Half-time	16.67%

Once a school reports a payment of a student and the Commission's WebGrants system accepts the payment, the system automatically reduces the student's eligibility according to the breakdown listed above.

7.4 Award Activation

New Cal Grant Awards

A new recipient is a student who has been newly awarded a Cal Grant in the current year. New recipients' award amounts are determined by the type of school and the Cal Grant program awarded.

In January, the Commission begins making Cal Grant Entitlement awards. Schools may view the awards online through WebGrants. Schools may begin adding students to their roster by

Chapter 7, Program Administration

reporting school change (SC) transactions or reporting students who are not in attendance (NA) transactions through the WebGrants Cal Grant Roster screen. The school change, not attending and yes attending (YA) codes will be the only transactions available at this time.

As each successive Cal Grant award process is completed, new students will continue to be added to the roster. All records will appear with a message "Payment Transaction is in HALT PAY STATUS - No payments allowed" until such time as the Commission authorizes payments for the new fiscal year.

State Budget/Fall Advances- The Commission begins sending initial award notifications to students in January. However, schools may not begin processing Cal Grant payment transactions for initial and renewal awards until the Governor signs the State Budget Act and after the Commission has issued the fall fund advances. Fall advances are sent to schools in August and October. Schools can select which month (either August or October) is best for their administration of the Cal Grant program.

New Cal Grant recipients must activate their awards to remain eligible for payment. Either a payment or a leave of absence must be processed for the initial fall term.

On or After July 1- New Cal Grant A and B recipients receive their first Cal Grant award payment in the fall term of the award year and not prior to July 1 of the award year. New Cal Grant C recipients may receive their Cal Grant C payments for summer term course work which begins on or after July 1.

For information regarding the selection process for new Cal Grant recipients, please refer to Chapter 5, "Cal Grant Award Selection Process."

Renewal Cal Grant Awards

A renewal recipient is a student who has been awarded a Cal Grant in a previous award year and has remaining eligibility. The first Cal Grant roster for renewing recipients will assume maximum eligibility based on need and remaining eligibility. After a school reports a renewal student's Cal Grant need and the Cal Grant roster is processed, any adjusted award amount and the amount a student may be paid for each term will appear on the school's next Cal Grant roster. It is not required to wait until the need amount is processed to report a payment to a renewal student.

Renewal students are notified by mail and are added to the Cal Grant roster the beginning of July. Schools may process school changes, at this time, for students who are transferring to their institution for fall term. Renewal students must have a minimum financial need of \$100 in order to receive payment in the Cal Grant program.

For information regarding the renewal process, please refer to Chapter 6, "Renewal of Cal Grant Award."

7.5 Report Activation



The Commission provides reports such as the *Unable to Determine* report, the *Automatic Leave* report and the *Unclaimed Awards* report to assist schools in determining which students have potential Cal Grant eligibility. These reports are available on WebGrants on the Data Transfer Report Download screen. Schools are not required to work these reports. However, these reports are produced to assist schools in locating students who may have payment eligibility. The "User Guide" and record layout information for these reports are available on WebGrants in the "Help Center."

Chapter 7, Program Administration



Unable to Determine Report

The "Unable to Determine" report is available to schools each year at the beginning of July. The report lists Cal Grant recipients whose awards cannot be renewed for the next academic year because the Cal Grant Roster has not been updated with the required number of terms from the prior academic year. The report is generated one month before recipients are contacted by the Commission. This allows schools time to review the report and determine which students require payment(s).

Minimum number of periods- The minimum number of payment periods that the Commission needs a transaction for is one semester for schools set up for semester payments and two quarters for schools set up for quarter payments. The types of transactions that will activate renewal consideration include any dollar amount of a Cal Grant payment or a leave of absence. If a payment or a leave of absence transaction is reported for the minimum number of payment periods, the award offer will be renewed, assuming the student has sufficient remaining program eligibility.

Students whose awards cannot be renewed due to unreported terms from the prior year are sent an "Unable to Determine" renewal eligibility letter in August. The letter instructs students who were enrolled in school to request that their school report their payment eligibility status to the Commission. For those students who were not enrolled in school, the student is instructed to submit a leave of absence to the Commission. If a payment transaction or leave of absence remains unreported for the minimum number of terms, the student's award will be withdrawn. Two "Unable to Determine" letters are sent to a student prior to withdrawal of a Cal Grant award.

Automatic Leave Report

The Automatic Leave report lists those students whose Cal Grant award was renewed for the next academic year, but has at least one payment period missing on the Cal Grant Roster transaction. A student attending a semester school who wishes to retain Cal Grant eligibility until attending a higher cost school, for instance, may be renewed by simply having one leave of absence reported for the year. The student will be considered to be on "automatic leave" for the other two terms of that award year. The Commission automatically calculates the student's eligibility for leave.

Unclaimed Awards Report

To assist schools in identifying Cal Grant recipients who may be enrolled at their institution, the Commission has developed the Unclaimed Awards Report.

An unclaimed award is any new or renewal awards for which no positive dollar amount has been reported and accepted by the Commission for a specific academic year. New Cal Grant recipients will appear on the report for any school that was listed on their ISIR (up to six eligible California institutions) or their current school of record. Renewal students will only appear on the report for their school of record.

This report is available on WebGrants and is produced quarterly beginning in October of the award year. The report is available on the Data Transfer Report Download screen in both a report and a data file format. Each time the report is run it will replace the previous report and data file. The dates on which this report is available appear on the WebGrants production calendar.

8 CAL GRANT PROGRAM PAYMENTS

The confirmation and verification of Cal Grant payment eligibility to students and the accurate reporting of that eligibility by schools to the Commission is an important step in the Cal Grant payment process. Accurate and on-time reporting of payment ensures that schools are delivered sufficient funds to pay their Cal Grant students.

8.1 Confirming Cal Grant Eligibility

Overview

Before releasing Cal Grant payments to students, schools must confirm that students meet the following eligibility criteria before students can receive their Cal Grant award.

Citizenship- Cal Grant recipients must meet the same federal citizenship guidelines used to determine federal Title IV eligibility. The federal citizenship guidelines can be found on the Free Application for Federal Student Aid (FAFSA) Web site at www.fafsa.ed.gov.

Residency- Cal Grant recipients must be legal California residents as determined by the school. Refer to Chapter 3, "Program Description and Eligibility" for more information regarding California residency requirements.

Loan Default or Grant Repayment- Cal Grant recipients cannot be in default on a student loan or owe a repayment on a state or federal financial aid grant. Schools must verify that students are not in default. Previously defaulted Cal Grant recipients who have re-established eligibility in the Family Federal Educational Loan (FFEL) or the Federal Direct Student Loan (FDSL) programs are eligible to receive Cal Grant payment.

Enrolled at least Half-time- In order to receive a Cal Grant payment, students must be enrolled at

least half-time. Attendance status is determined by the school.

Undergraduates- Cal Grant A, B, and C recipients must be undergraduates. Except for those continuing Cal Grant A and B recipients who have received their bachelor's degree and are now working on a California K-12 teaching credential.

Financial Eligibility- The Commission uses two formulas to determine financial need for Cal Grant participants. These two formulas are used to determine which new students will enter the program and which renewal students will remain in the program.

New Recipients

Eligibility for new recipients is initially determined by the Commission using the following formula:

$$\text{COA} - \text{EFC} - \text{Veteran's benefits} = \text{New Cal Grant need}$$

(Cost of Attendance minus Expected Family Contribution minus Veteran's benefits = New Cal Grant need)

This formula is used to select new participants into the program. This formula does not take into account other financial aid the student is receiving. It is possible that a student can be selected into the program using this formula based on FAFSA information, but not have any payment eligibility due to other aid received. This student may remain in the program but will not be paid.

Renewal Recipients

Schools must calculate and report renewal recipients' Cal Grant need. To remain in the program, renewal Cal Grant recipients must

Chapter 8 Cal Grant Program Payments

have a financial need of \$100 or more using the following formula:

COA – EFC – PELL = Cal Grant need

(Cost of Attendance minus Expected Family Contribution minus Pell Grant equals Cal Grant need)

This formula is used to determine which students will remain in the program. It is possible that a student can remain in the program based on the renewal need formula but not have any payment eligibility. Schools must consider other sources of financial aid the student is receiving.

Students who have enough need using the renewal formula, but not enough need when other aid is considered, will remain in the program but will not be paid.

Schools must report the maximum annual need amount for renewal students even if the student may only be attending the school for one term.

Schools may use the Commission's annually established Student Expense Budgets to confirm the financial need of renewal applicants or may use their own student expense budgets to determine renewal eligibility.

Cal Grant C renewal participants are automatically renewed and no reported financial need is required.

Verifying Eligibility for New Cal Grant Recipients

The Commission initially selects financially eligible Cal Grant applicants based on the information reported on the student's FAFSA. To be eligible for a Cal Grant A or C, new recipients who attend a public college must have a minimum financial need of the maximum annual award amount for their segment plus \$1,500. To be eligible for a Cal Grant B new recipients who

attend a public college must have a minimum financial need of \$700.

CSU, UC examples: For the 2005-06 academic year, recipients awarded at the CSU had to have a minimum financial need of \$2,520 plus \$1,500, or \$4,020. Recipients awarded at the UC had to have a minimum financial need of \$6,141 plus \$1,500, or \$7,641.

Recipients who are awarded at a private or independent college must have a minimum financial need of the Cal Grant annual maximum tuition amount for the program of study plus \$1,500, or the maximum annual segmental award amount, plus \$1,500, whichever is less. To be eligible for a Cal Grant B new recipients must have a minimum financial need of \$700.

Cal Grant Award Minimum Financial Need

New Cal Grant A recipients -

Maximum annual award amount + \$1,500

New Cal Grant B recipients - \$700

Renewal Cal Grant A & B recipients - \$100

Verifying New Transfer Entitlement (E2) Recipients

In order to receive a Transfer Entitlement award, an applicant must:

- have graduated from a California high school after June 30, 2000, or have received the equivalency of a high school graduation within the specified time frame; *High school equivalency* means students who successfully pass the General Educational Development Test (GED) or pass the California High School Proficiency Examination any time after June 30, 2000;
- be a California resident at the time they graduated from high school;
- have attended a California Community College prior to transferring to a qualifying four-year college;

Chapter 8 Cal Grant Program Payments

- have a verified community college grade point average (GPA) of at least 2.40. If the student's verified GPA did not include the high school graduation date, the student's date of birth is used as a proxy for the graduation date;
- be under 24 years old as of December 31 of the award year;
- meet all basic eligibility requirements;
- apply by March 2.

To receive payment (including a discretionary summer term payment) students must:

- attend a qualifying four-year college during the award year; *and*
- have a verified high school graduation date after June 30, 2000;
- be a California resident at the time they graduated from high school.

All students whose date of birth was used as a proxy for the graduation date will be identified on the payment Roster with a special identifier (asterisk) and payment transactions will not be accepted until the high school graduation has been confirmed.

Students selected into this program who cannot activate the award at a qualifying four-year college during the award year will have their award offer withdrawn.

"On Hold" flag- Schools are notified through WebGrants that verification of a student's graduation date is required through a Transfer Entitlement "On Hold" flag that appears next to the program code on the payment screen.

Transfer Entitlement applicants who are not selected as recipients receive notification which explains the reason(s) they were not awarded. The notification states the disqualifying reason(s), and includes an *Entitlement Non-Recipient Fact Sheet* and an *Application Correction Form* (G-23).

Students can "self certify" their high school graduation date by contacting the Commission. Upon this certification, the Commission will remove the "On Hold" flag. However, if schools have conflicting information regarding the student's graduation date, schools must notify the Commission through the *Grant Record Change Form for Schools* (G-21) or on the "Grant Record Change" screen on WebGrants.

Verifying Renewal Cal Grant Recipients

In order for recipients to renew their Cal Grant award at a semester or trimester term school, recipients must have at least one payment period satisfied through a payment or a leave of absence. For recipients to renew their Cal Grant award at a quarter payment term school, recipients must have at least two quarters satisfied by a payment or a leave of absence. Summer terms are not considered a term in this process.

Recipients who have not had their award renewed due to a missing term payment from prior year will appear on the "Unable to Determine Renewal Eligibility Report" as explained in "Chapter 7, Program Administration."

Change of Financial Need - If schools become aware of any change to a new or renewal recipient's financial need, and the change affects Cal Grant eligibility, the change must be reported to the Commission by completing a *Grant Record Change Form for Schools* (G-21) or through the "Grant Record Changes" screen on WebGrants.

The Commission will recalculate the student's eligibility based on the new information and will notify the student of their eligibility or ineligibility.

Verifying Attendance Status

A recipient's attendance status must be verified prior to making a Cal Grant payment and must be determined at the time it is reported to the Commission. Students must be enrolled at least half-time to receive payment.

Chapter 8 Cal Grant Program Payments

When reporting payments for a term that has ended, schools must base the attendance on the number of units completed for the term.

- If a recipient registers but never attends class, the Commission will not pay tuition/fee payments and schools should not report the tuition/fee payment.
- If a recipient registers but never attends class and a payment has already been reported, schools should report an adjusted payment to correct the previously reported payment.
- If a recipient registers who receives Access or books and supplies funds and never attends classes it must be reported to the Commission as owing a payment.

Recipients who enroll and attend classes, but then withdraw or drop to less than half-time before receiving payment of Access or books and supplies may still receive this award based on the amount of educational expenses incurred up to the date of their withdrawal or ineligibility. However, if a school's refund policy requires the return of funds, the funds must be returned to the Commission.

Graduating Seniors

Seniors who are on their final term of a baccalaureate degree program and are attending less than half-time and still have remaining eligibility can be paid their full tuition charges up to the term maximum. No access will be paid.

For the tuition/fees payment adjustment, schools should use the adjustment reason code of "SR" for graduating seniors.

Cal Grant B Access would be prorated as usual based on the graduating senior's actual attendance status.

Report the Access payment adjustment reason code as follows:

- "ST" for graduating senior, $\frac{3}{4}$ time, or
- "SH" for graduating senior, $\frac{1}{2}$ time, or
- "SL" for graduating senior, less than half-

time and must be posted with a zero dollar amount

Verifying Program Eligibility

Payment of Cal Grant program benefits is limited to students enrolled as regular students in an eligible program. A regular student is a student who is enrolled in an eligible institution for the purpose of obtaining a degree or certificate offered by the school.

Students ineligible for Cal Grant payment are those student's taking courses before being officially admitted to a program, as well as students enrolled in secondary school (high school) diploma programs or in programs designed to help a student pass the GED.

College extension coursework cannot be paid a Cal Grant award.

At the time of payment, a school certifies that recipients are enrolled in an eligible program (course of study). This is determined by the degree objective of the recipient.

For example:

- Cal Grant A awards are paid only to recipients enrolled in an associate or baccalaureate degree programs.
- Cal Grant B awards are paid to recipients enrolled in certificate, associate or baccalaureate degree programs.
- Cal Grant C awards are paid only to recipients enrolled in vocational certificate or associate degree programs.

Documentation verifying that a recipient is enrolled in an eligible program is based on school documentation such as a recipient's lesson plan or formal declaration of their major.

Cal Grant C recipients may receive payment for classes that are outside their primary program if the school can certify that the recipient is in a vocational program. A recipient's signed lesson plan or a formal declaration of their major certifies that they are enrolled in a vocational program.

Chapter 8 Cal Grant Program Payments

Verifying Satisfactory Academic Progress

Schools must verify that the Satisfactory Academic Progress standards as established by their schools are met. Recipients who do not meet these standards are ineligible for Cal Grant payment and will not use eligibility during the terms they are ineligible for payment.

Refer to "Chapter 6, Renewal of Cal Grant Awards" for more information regarding Satisfactory Academic Progress.

Mandatory Five Year Program – Fifth Year Extension Cal Grant Recipients

Schools must verify that the mandatory five-year undergraduate program requirements as described in "Chapter 3, Program Descriptions and Eligibility" are met.

Teaching Credential Program (TCP) – Fifth Year Extension Cal Grant Recipients

Schools must verify that the Teaching Credential Program extension requirements described in "Chapter 3, Program Descriptions and Eligibility" are met.

The Commission recommends that schools verify the EL for new recipients prior to making the fall payment.

In cases where a student's first payment is postponed, only the school where the student first receives Cal Grant payment can report the EL (i.e., the student is in Community College reserve and takes a leave of absence or periods of military deferment). If a situation occurs when a student has transferred and the EL has not been verified, schools must complete a *School Record Change Form (G-21)* or complete the Grant Record Changes Screen on WebGrants.

EL Verification is not required:

- If a student indicates on their FAFSA that they have never attended college
- for students attending a community college

EL Verification is required:

- If a student indicates on their FAFSA that they have attended a college.

Any student disagreeing with their initial EL will be referred to the school where they first received Cal Grant payment, even if that school was a community college.

8.2 Educational Level (EL) Verification

Overview

To ensure that new Cal Grant A and B recipients receive the correct amount of initial program eligibility, schools must verify that Commission records reflect the recipient's correct educational level (EL) for the term in which the initial Cal Grant payment was made.

The actual number of years a student is entitled to receive Cal Grant payments is calculated based on the student's EL in the first term for which a Cal Grant award is paid. As a result, the EL designated by the eligible student's school corresponds to the student's EL for the term for which the student's first Cal Grant payment was paid, i.e., the term to which the Cal Grant payment is applied.

Online Verification

Schools may verify a recipient's EL through the WebGrants Display Roster (Online Roster) screen. Transactions are processed weekly and will appear on the next online Roster. Results will also appear on an EL Verification Accept/Reject report available through the WebGrants "Data Transfer Report Download" screen.

Data Transfer

Schools may download the EL Verification Roster through the "Data Transfer Report Download" screen on WebGrants. New data files will be produced monthly during the Commission's month-end process.

Chapter 8 Cal Grant Program Payments

Schools may also use the Data Transfer File Upload screen on WebGrants to return verification data to the Commission. The upload data file must include a header record, students' Social Security numbers, and the reported EL.

Uploaded files will be processed during the Commission's weekly payment processing cycle. Results will appear on the online Roster and on a new EL Verification Accept/Reject report available through the WebGrants Data Transfer Report Download screen.

Microsoft Excel Template

Schools may download the EL Verification Roster through the Data Transfer Report Download screen on WebGrants. Open the data file using the Excel template, key the EL for each student, and then upload the file through WebGrants. This template is located in the WebGrants Tools Menu.

For a listing and description of the data elements on the Roster for recipients, refer to the Cal Grant Record Layout available in the Help Center on WebGrants.

Roster Availability

The Commission begins creating academic year specific Cal Grant Rosters during January preceding each award year. The following table illustrates when recipients are added to the Roster.

Each year, Cal Grant funding is subject to state budget appropriations. For this reason the Roster is available only for viewing and posting school changes. The Roster is *not* available for reporting payment transactions. Payments can be made after the final state budget is passed but never before the beginning of August.

Weekly Processing

The Roster is updated throughout the award year on a weekly basis as information is reported to the Commission by students and schools.

8.3 Reporting Payments to the Commission

Cal Grant Roster

Schools report payment transactions to the Commission by posting transactions on the Cal Grant Roster available on WebGrants.

Roster Cycle

Type of Recipient	When added to Roster
New A & B Entitlement Recipients	As soon as students are awarded and throughout the award year as corrections are processed (no earlier than the January preceding the award year)
New Competitive A & B Recipients for March 2 nd award cycle	Approximately early April
New Cal Grant C Recipients	Approximately early June to early August
Renewal A, B, & C Recipients	Approximately early July
New Competitive A & B Recipients for September 2 nd award cycle	Approximately early to mid October

The actual dates depend on Commission processing cycles and the signing of the year's state budget. *Operations Memos* are sent to schools announcing the actual dates.

Chapter 8 Cal Grant Program Payments

Reported transactions are either accepted or rejected through the weekly processing cycle and are reflected on the weekly *Accept/Reject Report*. Accepted transactions appear on the school's Roster beginning the first day following the weekly processing cycle (usually the following Monday).

Rejected transactions will appear on the school's *Accept/Reject Report* with a description of why the transaction rejected. Schools should review and correct these rejected transactions.

Updating the Roster

The following actions (if applicable) must be reported to the Commission on the Roster before final reconciliation of the award year:

- school changes
- renewal recipient's financial need
- adjustments to the renewal recipient's financial need
- maximum term award payments to recipients
- adjusted term award payments to recipients

Payment Reporting Deadlines

Schools should report on their most current Roster each term's payment transactions prior to the end of the term. Timely reporting of transactions guarantees timely advancement of funds and prevents fund offsets.

Processing of payment roster transactions occurs bi-monthly on WebGrants. Any WebGrants transactions made prior to the start of processing will be included on the next Roster.

The deadline to make payment to recipients is September 30 of the academic year following the award year. For example, for the 2005-06 academic year this would be September 30, 2006. The Commission expects payments by schools by September 30 but realizes that there may be some exceptions. Schools should

contact the Commission's Cal Grant Operations Branch for resolution to problem transactions.

School Changes

When students are first awarded, their record will appear only on the Roster of the first California school listed on the FAFSA which was used to determine their eligibility. Renewal recipients transferring from another school will not appear on the Roster until a school change is submitted.

If a recipient will be attending a school, but they are not listed on the school's Roster, a school change must be entered either before, or at the same time as a request for payment.

Once the school has requested the school change, the Commission will verify the recipient's eligibility at the new school and calculate the recipient's maximum annual award amount. If the Commission determines that the recipient is eligible at the new school, the recipient and the recipient's award information will be added to the new school's Roster. Schools may only request school changes for their school.

School Changes and EL Verification with Payments – Reporting school changes and/or EL Verification transactions along with a payment transaction, may commit a student to a different grant that may not be the most beneficial for the student. Questions regarding such transactions can be forwarded to the Cal Grant Operations Branch for resolution.

8.4 Reporting Need

Overview

The amount printed on the Roster under each term (FL [fall], WN [winter], SP [spring], or SU [summer]) is the amount the Commission expects

Chapter 8 Cal Grant Program Payments

the school to disburse, unless it is determined by the school that an adjustment is necessary.

Schools must review the total term award payment amount listed for the term to be paid. If the recipient is eligible for the total term payment as listed on the Roster, no payment adjustment is necessary.

Renewal Recipient's Financial Need - A need amount must be reported for all renewal recipients before payments are reported—except for Cal Grant C renewals. The need amount must be reflected as full-time for the student's full year of attendance.

School Entered Payment Status Codes

The status of a recipient's payment is indicated on the Roster in the "Pay Stat" field of the recipient's record. Schools may use one of the following three codes in the Pay Stat field depending on the transactions being reported:

1. SC – School Change

Requesting a school change only. Requesting a school change and reporting a renewal recipient's unmet need.

2. PD – Paid Reporting a maximum term payment amount only. Requesting a school change for a new recipient and reporting a maximum term payment at the same time. Requesting a school change for a renewal recipient and reporting a maximum term payment and reporting the renewal recipient's unmet need at the same time.

3. UN* – Unmet Need Reporting a renewal recipient's unmet need only. The "UN" code will automatically be entered into the Pay Stat Code field when a need is reported.

Not in Attendance (NA) and Yes in Attendance (YA) Codes

Schools can remove students from the eligible section of the Roster by entering the "NA" (Not in Attendance) code in the Pay Stat Code field. This will "hide" the student's record in the "Not in Attendance" Section 5 of the Roster and generate a letter to a student to request the name of the school in attendance.

If a student was placed in the "Not in Attendance" section of the Roster and a school wants to recall them to the eligible section, the school can locate the student by entering their SSN or CSAC ID in the top search field on the school's Roster and then entering the "YA" (Yes in Attendance) code in the Pay Stat Code field.

Chapter 8 Cal Grant Program Payments

8.5 GRANT ROSTER ADJUSTMENT REASON CODES

Following is a list of adjustment reason codes used by the Commission.

CODE FT

DEFINITION Recipient is attending full-time and payment is being increased to reflect full-time status.

COMMISSION ACTION/RESULT The Commission will pay the adjusted amount reported in the term adjustment field, but will not pay more than the recipient's maximum eligible amount for the term. Recipient uses full eligibility for the term.

NOTE: This adjustment reason code is necessary only when a recipient's payment is adjusted up to the full-time amount. It is not necessary to use this code when there is no change to a recipient's full-time status.

CODE TT

DEFINITION Recipient is attending three quarter-time, and payment is being adjusted (increased or decreased) to reflect three-quarter-time status.

COMMISSION ACTION/RESULT The Commission will pay the adjusted amount reported in the term adjustment field but will not pay more than a prorated three-quarter-time amount when applicable, based on the payment prorating requirements for the school. The recipient uses three quarters of the full eligibility for the term.

CODE HT

DEFINITION Recipient is attending half-time and payment is being adjusted (increased or decreased) to reflect half-time status.

COMMISSION ACTION/RESULT The Commission will pay the adjusted amount reported in the term adjustment field but will not

pay more than a prorated half-time amount when applicable, based on the payment prorating requirements for the school. The recipient uses half of the full eligibility for the term.

CODE AF

DEFINITION School makes a miscellaneous adjustment to a recipient's term payment, and the recipient is attending full-time. This code should only be used if a more specific code does not apply. The amount reported must be greater than 0.

COMMISSION ACTION/RESULT The Commission will pay the adjusted amount reported in the term adjustment field which can be more or less than the term amount displayed on the Grant Roster, but no more than the maximum for which the recipient is eligible. The recipient will use full eligibility for the term.

CODE AT

DEFINITION School makes a miscellaneous adjustment to a recipient's term payment, and the recipient is attending three-quarter-time. This code should only be used if a more specific code does not apply. The amount reported must be greater than 0.

COMMISSION ACTION/RESULT The Commission will pay the adjusted amount reported in the term adjustment field, which can be more or less than the term amount displayed on the Grant Roster, but no more than the maximum for which the recipient is eligible. The recipient will use three quarters of the full eligibility for the term.

Chapter 8 Cal Grant Program Payments

8.5 GRANT ROSTER ADJUSTMENT REASON CODES- *continued*

CODE AH

School makes a miscellaneous adjustment to a recipient's term payment, and the recipient is attending half-time. This code should only be used if a more specific code does not apply. The amount reported must be greater than 0. The Commission will pay the adjusted amount reported in the term adjustment field, which can be more or less than what is displayed on the roster, but no more than the maximum for which the recipient is eligible. The recipient will use half of the full eligibility for the term.

CODE OF

DEFINITION(Tuition/Fees only) Recipient is receiving tuition/fee assistance from an outside source, and the recipient is attending full-time. Partial charges or \$0 charges, depending on the amount of other assistance, should be entered in the term adjustment field on the Grant Roster.

COMMISSION ACTION/RESULT The

Commission will pay the amount reported in the term adjustment field whether partial charges or \$0 are entered, but will not pay more than the maximum for which the recipient is eligible. Recipients for whom the school reports \$0 payment for the term will not be withdrawn from their program regardless of whether they have a Cal Grant A, B, or C or Graduate Fellowship. The recipient will use full eligibility for the term. *Note:* Dollar amount greater than \$0 will use eligibility.

CODE OT

DEFINITION(Tuition/Fees only) Recipient is receiving tuition/fee assistance from an outside source, and the recipient is attending three-quarter-time. Partial charges or \$0 charges, depending on the amount of other assistance, should be entered in the term adjustment field on the Grant Roster.

COMMISSION ACTION/RESULT The

Commission will pay the amount reported in the term adjustment field whether partial charges or \$0 are entered, but will not pay more than the maximum for which the recipient is eligible. Recipients for whom the school reports \$0 payment for the term will not be withdrawn from their program regardless of whether they have a Cal Grant A, B, or C or Graduate Fellowship. The recipient will use three quarters of the full eligibility for the term. *Note:* Dollar amount greater than \$0 will use eligibility.

CODE OH

DEFINITION(Tuition/Fees only) Recipient is receiving tuition/fee assistance from an outside source, and the recipient is attending half-time. Partial charges or \$0 charges, depending on the amount of other assistance, should be entered in the term adjustment field on the Grant Roster.

COMMISSION ACTION/RESULT The

Commission will pay the amount reported in the term adjustment field whether partial charges or \$0 are entered, but will not pay more than the maximum for which the recipient is eligible. Recipients for whom the school reports \$0 payment for the term will not be withdrawn from their program regardless of whether they have a Cal Grant A, B, or C or Graduate Fellowship. The recipient will use half of the full eligibility for the term. *Note:* Dollar amount greater than \$0 will use eligibility.

CODE RF

DEFINITION The RF code indicates a renewal recipient has a revised need and is attending full-time. The school has made a revision to a renewal recipient's unmet financial need, and the current Grant Roster does not reflect the new need amount or the correct payment for the term(s). The school must enter a revised need

Chapter 8 Cal Grant Program Payments

8.5 GRANT ROSTER ADJUSTMENT REASON CODES- *continued*

amount in the Adjusted Need field on the Grant Roster and enter the adjusted term payment in the appropriate term adjustment fields for the individual award types (tuition/fees, subsistence, or book and supply). An adjusted annual need must be reported for renewal recipients when a revision to the need amount printed on the Grant Roster results in a change to the recipient's annual award amount, and therefore affects the term payments. This change can either result in a decrease or increase to the recipient's annual award. Note: Revisions to new recipients' need amounts must be reported on the Grant Record Change Form for Schools (G-21) and cannot be reported on the Grant Roster.

COMMISSION ACTION/RESULT The Commission will recalculate the recipient's annual award based on the adjusted need amount entered. The Commission will pay the amount entered in the term adjustment field(s), but no more than the maximum for which the recipient is eligible. If the recipient's payment should be \$0, the school must enter \$0 in the term adjustment field. The recipient will use full eligibility for the term. Subsequent Grant Rosters will reflect an updated annual award, the updated need amount, and updated term payments.

CODE RT

DEFINITION The RT code indicates a renewal recipient has a revised need and is attending three-quarter-time. The school has made a revision to a renewal recipient's unmet financial need, and the current Grant Roster does not reflect the new need amount or the correct payment for the term(s). The school must enter a revised need amount in the Adjusted Need field on the Grant Roster and enter the adjusted term payment in the appropriate term adjustment fields for the individual award types (tuition/fees, subsistence, or book and supply). An adjusted annual need must be reported for renewal recipients when a revision to the need amount

printed on the Grant Roster results in a change to the recipient's annual award amount, and therefore affects the term payments. This change can either result in a decrease or increase to the recipient's annual award.

NOTE: Revisions to new recipient's need amounts must be reported on the Grant Record Change Form for Schools (G-21) and cannot be reported on the Grant Roster.

COMMISSION ACTION/RESULT The Commission will recalculate the recipient's annual award based on the adjusted need amount entered. The Commission will pay the amount entered in the term adjustment field(s), but no more than the maximum for which the recipient is eligible. If the recipient's payment should be \$0, the school must enter \$0 in the term adjustment field. The recipient will use three quarters of the full eligibility for the term. Subsequent Grant Rosters will reflect an updated annual award, the updated need amount, and updated term payments.

CODE RH

DEFINITION The RH code indicates a renewal recipient has a revised need and is attending half-time. The school has made a revision to a renewal recipient's unmet financial need and the current Grant Roster does not reflect the new need amount or the correct payment for the term(s). The school must enter a revised need amount in the Adjusted Need field on the Grant Roster and enter the adjusted term payment in the appropriate term adjustment fields for the individual award types (tuition/fees, subsistence, or book and supplies). An adjusted annual need must be reported for renewal recipients when a revision to the need amount printed on the Grant Roster results in a change to the recipient's annual award amount, and therefore affects the term payments. This change can either result in

Chapter 8 Cal Grant Program Payments

8.5 GRANT ROSTER ADJUSTMENT REASON CODES, *continued*

a decrease or increase to the recipient's annual award.

Note: Revisions to new recipient's need amounts must be reported on the Grant Record Change Form for Schools (G-21) and cannot be reported on the Grant Roster.

COMMISSION ACTION/RESULT

The Commission will recalculate the recipient's annual award based on the adjusted need amount entered. The Commission will pay the amount entered in the term adjustment field(s), but no more than the maximum for which the recipient is eligible. If the recipient's payment should be \$0, the school must enter \$0 in the term adjustment field. The recipient will use half of the full eligibility for the term. Subsequent Grant Rosters will reflect an updated annual award, the updated need amount, and updated term payments.

CODE LA

DEFINITION Recipient is taking a leave of absence from the Cal Grant. The school must enter a \$0 amount in the term adjustment field. The school should not use the LA code when a payment greater than \$0 is reported for a term.

COMMISSION ACTION/RESULT

The Commission will place the recipient in a leave status for the term. The recipient will not use any eligibility for the term. The subsequent updated Grant Roster will reflect a \$0 term payment and a LA code in the Pay Status field. **NOTE:** Payments reported by any school for a term for which one school has reported a leave of absence will override the recipient's leave status for the term.

CODE NP

DEFINITION Recipient is not making satisfactory academic progress. The school must enter a \$0 amount in the term adjustment field.

COMMISSION ACTION/RESULT

The Commission will place the recipient in an unsatisfactory progress status for the term, and the recipient will not use any eligibility for the term. The school must report a recipient's unsatisfactory progress for every term affected. The subsequent updated Grant Roster will reflect a \$0 term payment and an NP code in the Pay Status field. To clear a recipient's unsatisfactory progress status for a term, the school should report a payment adjustment for the term. Recipients who have an unsatisfactory progress status for consecutive terms beyond one academic year will be withdrawn from their program.

Example: A recipient who is reported as "NP" for both the fall and spring semesters must activate his or her award by re-establishing satisfactory progress during the subsequent term or the award will be withdrawn.

CODE LD

DEFINITION School is aware that the recipient is in default on an educational loan, and therefore, cannot disburse funds.

COMMISSION ACTION/RESULT Recipient's award will be withdrawn.

CODE GR

DEFINITION School is aware that the recipient owes a refund on a federal or state grant, and therefore, cannot disburse funds.

COMMISSION ACTION/RESULT Recipient's award will be withdrawn.

CODE IA

DEFINITION Ineligible course for Cal Grant A. Recipient is enrolled in an instructional program that is less than two academic years in length.

COMMISSION ACTION/RESULT Recipient's award will be withdrawn.

Chapter 8 Cal Grant Program Payments

8.5 GRANT ROSTER ADJUSTMENT REASON CODES, *continued*

CODE IB

DEFINITION Ineligible course for Cal Grant B.
Recipient is enrolled in an instructional program that is less than one academic year in length.

CODE IC

DEFINITION Ineligible course for Cal Grant C.
Recipient is enrolled in an instructional program that is less than four months or greater than 24 months in length. Recipient is enrolled in a non-vocational course of study that does not qualify for the program. Recipient is taking all prerequisite courses that are not actually part of a technical/vocational program.
COMMISSION ACTION/RESULT Recipient's award will be withdrawn.

CODE MV

DEFINITION Unable to verify requirements for Cal Grant Fifth-Year benefits. Recipient is a graduate. Recipient is not enrolled in an undergraduate degree program that requires every participant more than four years to complete.
COMMISSION ACTION/RESULT Recipient's award will be withdrawn.

CODE TV

DEFINITION Unable to verify requirements for Cal Grant Teaching Credential benefits.
Recipient is not enrolled in a teaching credential program approved by the California Commission on Teacher Credentialing. Recipient has already received an initial teaching credential. Recipient has not yet received a bachelor's degree.
COMMISSION ACTION/RESULT Recipient's award will be withdrawn.

CODE IP

DEFINITION Special code for Commission use only or for use by schools at the direction of a Cal Grant Operations analyst. For more

information, please call the Cal Grant Operations Branch at 1-888-294-0153.

CODE SR

DEFINITION (Tuition/Fees only) Recipient is a graduating senior enrolled less than full-time (three-quarter time, half-time or less than half-time). Actual tuition/fee charges, up to the maximum term award, should be entered in the term adjustment field.
COMMISSION ACTION/RESULT The Commission will pay up to the amount charged by the school, but no more than the maximum amount the recipient is eligible to receive, based on the recipient's remaining eligibility in the program. The recipient will be withdrawn from the program after payment is made.

CODE ST

DEFINITION (Access only) Recipient is a graduating senior enrolled three quarter-time. The Commission will pay the adjusted amount reported in the term adjustment field, but will not pay more than a prorated three-quarter-time amount. The recipient uses three quarters of the full eligibility for the term.
COMMISSION ACTION/RESULT The recipient will be withdrawn from the program after payment is made.

CODE SH

DEFINITION (Access only) Recipient is a graduating senior enrolled half-time.
COMMISSION ACTION/RESULT The Commission will pay the adjusted amount reported in the term adjustment field but will not pay more than a prorated half-time amount. The recipient uses half of the full eligibility for the term.
COMMISSION ACTION/RESULT The recipient will be withdrawn from the program after payment is made.

Chapter 8 Cal Grant Program Payments

8.5 GRANT ROSTER ADJUSTMENT REASON CODES, *continued*

CODE SL

DEFINITION (Access only) Recipient is a graduating senior enrolled less than half-time. The Commission will not pay access for this recipient. The recipient will use eligibility for the term only if he or she is receiving payment for tuition/fees for the same term.

COMMISSION ACTION/RESULT The recipient will be withdrawn from the program after payment is made.

CODE NS

DEFINITION School originally reported a payment transaction for a recipient who ultimately is ineligible for payment. The school enters a \$0 payment in the term adjustment field.

COMMISSION ACTION/RESULT The Commission will pay \$0 for the recipient, and the recipient will not use any eligibility for the term.

COMMISSION ACTION/RESULT

The Commission will pay the adjusted amount reported in the term adjustment field but will not pay more than the recipient's maximum eligible amount for the term. Recipient uses three quarters of the full eligibility for the term.

CODE PH

DEFINITION School disburses payments to recipients more than once per term, and the school is unable to disburse the entire term amount to a recipient. Recipient was verified as attending half-time.

COMMISSION ACTION/RESULT The Commission will pay the adjusted amount reported in the term adjustment field but will not pay more than the recipient's maximum eligible amount for the term. Recipient uses half of the full eligibility for the term.

CODE PF

DEFINITION School disburses payments to recipients more than once per term and the school is unable to disburse the entire term amount to a recipient. Recipient was verified as attending full-time.

COMMISSION ACTION/RESULT The Commission will pay the adjusted amount reported in the term adjustment field but will not pay more than the recipient's maximum eligible amount for the term. Recipient uses full eligibility for the term.

CODE PT

DEFINITION School disburses payments to recipients more than once per term, and the school is unable to disburse the entire term amount to a recipient. Recipient was verified as attending three-quarter-time.

Chapter 8 Cal Grant Program Payments

Commission-Generated Payment Status Codes

Code	Description
AP	Payment transaction has been accepted by the Commission and will be reconciled during the weekly processing cycle.
AA	The adjusted payment transaction has been accepted by the Commission and will be reconciled during the weekly processing cycle.
RP	The payment transaction has been processed and reconciled by the Commission during the bi-monthly processing cycle.
RA	The reported adjusted payment transaction has been processed and reconciled by the Commission during the bi-monthly processing cycle.
LA	Recipient's award is in a Leave of Absence status for the term.
NP	The school reported the recipient is not making Satisfactory Academic Progress for the term.
WD	Recipient's award is withdrawn. After a student is withdrawn a WD will appear in the Pay Stat field for each term that can no longer be processed for payment. Any term payment amounts that appear with a WD should not be included in the school's reconciliation.

Students will be withdrawn after three consecutive NP's from a semester term school and after four consecutive NP's from a quarter term school.

8.6 Leave of Absence

Students who postpone college or who will not be attending at least half-time during part of the school year must request a Cal Grant leave of absence. This policy is especially important for students who will be taking longer than four years to complete their program.

Students may leave their award on hold for up to one academic year, although exceptions may be granted through the Commission's appeal process.

Active Duty Students- Students who are on active duty in the U.S. Armed Forces may have their Cal Grant award deferred for up to three years by completing a *Deferment Request Form*, G-12, available at www.csac.ca.gov.

As long as students attend the minimum number of required terms each year, their grants will be eligible for renewal. Students attending semester term schools must attend at least one semester per year; those attending quarter term schools must attend at least two quarters per year.

Students whose schools report partial or full payment for a term in which they eventually request a leave of absence will have their eligibility for future benefits reduced accordingly.

150% Leave Time Maximum- Students will continue to have potential Cal Grant eligibility until they have exceeded a maximum 150% in leave time, excluding one "automatic" term per academic year. When the Commission has not received a payment transaction for any non-summer term, automatic leave is applied at the end of the academic year for up to one term.

Chapter 8 Cal Grant Program Payments

How Leave Time Accumulates

The following formula is used to calculate how total leave time accumulates toward the 150% term maximum:

Leave Time Formula

Total leave time = total leaves - one leave per year

Quarter School = 33.33% Per Term

	Fall	Winter	Spring
2003-04	Paid	Paid	X
2004-05	LA	X	Paid
2005-06	Paid	Paid	X
2006-07	LA	LA	X
2007-08	Paid	Paid	Paid
2008-09	X	Paid	Paid
2009-10	Paid	Paid	X

Chart Legend:
LA Requested leave or absence
\$ Payment transaction
X Automatic leave

Semester School = 50% Per Term

	Fall	Spring
2003-04	Paid	Paid
2004-05	LA	X
2005-06	Paid	X
2006-07	X	Paid
2007-08	Paid	Paid
2008-09	LA	X
2009-10	Paid	Paid

8.7 Summer Enrollment

For Cal Grant purposes, two categories of summer enrollment exist—mandatory and discretionary.

Mandatory Summer Term- Recipients who are enrolled in a program that *requires* summer-term attendance, in addition to all other terms, are in a mandatory summer program. Schools with mandatory summer terms are identified from information reported on the school's College Cost Estimate.

Rosters for mandatory summer term schools are arranged to automatically accept summer term payments reported by schools. Summer term payments are reported the same way as any other term.

Discretionary Summer Term- Students who are enrolled in a program that does not require summer term attendance, in addition to all other terms, may receive discretionary summer Cal Grant payments.

Schools can request discretionary summer payments for their students by notifying the Commission's Cal Grant Operations Branch with the following information:

1. Student(s) name
2. Student(s) CSAC ID number
3. Name of school of summer attendance

Send requests for summer payments to:

California Student Aid Commission
Cal Grant Operations Branch
- Summer Request
P.O. Box 419028
Rancho Cordova, CA 95741-9028

Chapter 8 Cal Grant Program Payments

Students requesting discretionary summer term payment may complete the *Summer Payment Request Form for Students* (G-14) available on www.csac.ca.gov.

Discretionary Summer Payment Cycle

Schools may request a summer payment to be paid on behalf of students any time during the academic year. With the school's authorization, the Commission can "obligate" a summer payment on a student's file. These payments can be seen on the WebGrants' "Student History" screen and all WebGrants reports.

While schools can request a summer payment prior to the term's start date, the payment will not reconcile until after the summer term advance is sent during the first week of June.

For example, if in early April a school requests a payment to be reported for the upcoming summer term, the Commission can report a payment on the date requested but the payment will remain in accepted status until the first reconciliation period after the summer term advance in June. The earliest schools will receive funding by using this method is after June mid-month reconciliation.

When students submit a request for a summer payment, the student's WebGrants file is modified so a summer term appears on the Roster. This allows the school to report a summer payment for the student as they would any other term.

After a summer payment is reported, the payment information will be processed and displayed on the next weekly Accept/Reject Report. Altering a student's file in this manner, however, cannot occur until after the Commission runs the Cal Grant renewal process for the next academic year. The renewal process occurs in early July (See Chapter 6, "Renewal of Cal Grant Awards").

Prior to modifying the student's file, a notification is sent to students explaining the process and requests them to take the letter to their Financial Aid Office in mid-to-late July to determine if they are eligible for payment. This letter is sent in late May to early June.

When reporting payments, schools should remember that:

- Summer is the last term (trailer) or payment period of the academic year in the Cal Grant program.
- First year Cal Grant A and B recipients are eligible for summer term payment beginning with the summer following their first year in the Cal Grant program.
- Students, who accept Cal Grant payments for attending a summer term, will reduce their remaining Cal Grant eligibility, and they may not have enough eligibility remaining to carry them through graduation.

Cal Grant B Summer Tuition and Fees Payments

Cal Grant B recipients attending a summer term after their freshman year can receive summer term tuition and fee payments only for terms that begin July 1 or later.

New Cal Grant C Summer Payment

New Cal Grant C recipients receiving payment for a summer term preceding their first year in the program are paid through a different process. Schools may send a list of summer term students to the Commission's Cal Grant Operations Branch. Students may complete the Summer Payment Request Form for Students (G-14) available on www.csac.ca.gov.

Upon receipt of these requests, the Commission will prepare a manual claim form and send it to schools for completion. Schools must then complete and return the claim form to the Commission, with the student's enrollment status and requested payment amount. The Commission will then authorize funding the summer term.

Chapter 8 Cal Grant Program Payments

Delivery of Funds

The earliest schools will receive funding for a summer term is as follows:

Mandatory summer schools:

- The summer term advance is sent the first week of June. If a school requires more funding, for any term of the academic year, funds are sent approximately every two weeks until the end of December.

Discretionary summer schools:

- **Student requested** – Assuming a payment is reported on WebGrants in July, the school will receive funding the first week of August.
- **School requested** - Discretionary summer schools requesting summer payments on the student's behalf will receive funding beginning with the June mid-month reconciliation cycle.

8.8 Revising Payments

Adjustments to Renewal Recipient's Financial Need

An adjusted need amount must only be reported for renewal recipients when a revision to the need amount previously reported on the Roster will result in an increase or decrease in the recipient's annual award. All changes should be reported immediately but must be reported no later than September 30 of the following academic year.

For new recipients, changes such as income, assets, or housing status that reduces a student's need amount, must be reported on the WebGrants Grant Record Changes screen or on the *Grant Record Change Form for Schools* (G-21). Students whose need is reduced below the minimum need required to retain the award must be reported to the Commission and will be withdrawn from the Cal Grant program.

Outside Aid- If students receive "outside aid" such as scholarships or employee tuition assistance that is not renewable (does not carry

over to the next school year), it is not necessary to adjust the student's need.

Students whose new Cal Grant awards are reduced due to the receipt of outside aid should be reported on the Roster for each term with a reason code of OF (outside, full time), OT (outside, three-quarter-time) or OH (outside, half time) and the appropriate term-adjusted amount.

Students who are not eligible to receive their Cal Grant award due to the receipt of outside aid should be reported on the Roster for each term with the reason code and term adjusted amount of zero. The student will not use eligibility for the reported term.

NOTE: Schools cannot modify payment activity for award years that have already passed final reconciliation.

Adjusted Term Award Payments

If students are not eligible for the full term amount, the reported payment must be adjusted. Students are generally not eligible for the full term amount because of their part-time enrollment or an adjustment to the need amount that subsequently affected payment or their limited eligibility for the term.

An adjustment reason code is required for each award type for which a school has entered an adjusted payment amount. If an incorrect adjustment reason code is not entered, the transaction for the term will reject. Refer to the Grant Roster - Adjustment Reason Code chart located on page 9.

If a recipient has more than one component (i.e., tuition and fees and Access, or tuition and fees and books and supplies) to their award and one component is affected by a payment adjustment and the other is not, enter the adjustment amount and adjustment reason code for the affected one only.

Chapter 8 Cal Grant Program Payments

\$0 Adjustment- Several adjustment reasons require the school to enter \$0 for the adjustment amount. For example, the use of such adjustment reasons codes as LA (leave of absence), NP (no progress) and NS (no show) always require that the school enter an adjusted amount of \$0. WebGrants will not assume \$0 if the field is left blank. The payment transaction will reject.

If a recipient withdraws from school within the school's refund period and is charged only a portion of the standard tuition and fees, enter the partial charges in the adjusted term field. Indicate the reason code AF (attending full time), AT (attending three-quarter-time), or AH, (attending half time) depending on the recipient's attendance status. If only partial Access or books and supplies payments were disbursed, enter the amount in the appropriate adjusted term field and indicate the reason code AF (miscellaneous adjustment, full time), AT (miscellaneous adjustment, three-quarter-time), or AH (miscellaneous adjustment, half time), depending on the recipient's attendance status.

Overawards

Schools are responsible to ensure that no Cal Grant recipients are overawarded. The total of the Cal Grant award and all other types of aid (e.g., federal, state, institution, and private) may not exceed the student's cost of attendance (budget) less the calculated Expected Family Contribution (EFC).

When learning of an overaward, schools must report the overaward through the Grant Record Changes screen on WebGrants or by completing the *Grant Record Change Form for Schools* (G-21).

Changes reported on the G-21 or on WebGrants are not considered "payment transactions" and do not appear on the Accept/Reject Transaction Report.

Upon the Commission's receipt of the change, term payments will be calculated by dividing the reduced award amount (reduced need rounded down to the nearest \$10 increment) by the number of terms.

If at least one payment is disbursed (but the Grant is not entirely disbursed) subsequent payment(s) are reduced so that the total term disbursements for the award year do not exceed the adjusted need. In addition, the school ensures that disbursements for any combination of terms do not exceed the proportional need during those terms.

Overaward Example

A recipient's need and annual award are originally calculated to be \$3,000. The fall payment of \$1,000 (at a quarter payment period school) is made. The school determines that the student's revised Cal Grant eligibility based on information received after the fall payment had been made, is actually \$1,800 and that an overaward exists. The school must reduce subsequent term payments in the following manner:

Fall	Winter	Spring	Total Award
\$1,000	\$400	\$400	= \$1,800

If a school makes at least one payment of the award and an overaward exists even without disbursement of subsequent payments, the school may not release subsequent payments. The school reports \$0 payment for those remaining term(s), along with an adjustment reason code of OT (outside source, three - quarter-time), OF (outside source full-time), or OH (outside source, half time).

No school repayment is required if all payments for the award year have been made, and the

Chapter 8 Cal Grant Program Payments

school subsequently learns of an overaward. However, the school must report the overaward to the Commission.

NOTE: All overawards, regardless of the dollar amount, must be resolved and no tolerance amount is allowed.

8.9 Refunds

Schools are required to have a refund policy that includes the Commission's Cal Grant program. The refund policy must assure that no Cal Grant tuition and fee payments are issued in excess of the actual tuition and fees charged to the student, even if the student does not complete the term.

If school records indicate that *at least one* of the circumstances listed below existed at the time funds were disbursed to a recipient, the school is required to report an adjusted payment transaction to the Commission or, if the determination is made after the final reconciliation for the award year, schools must refund the ineligible amount that was disbursed *if*:

- The recipient was not maintaining Satisfactory Academic Progress as defined by the institution's financial aid Satisfactory Academic Progress policy;
- The recipient was enrolled in fewer units;
- The recipient was not enrolled in an eligible program;
- The recipient was required to be enrolled in an approved teaching credential or mandatory fifth-year program but was not enrolled in such a program;
- The institution knew the recipient was in default on a Title IV educational loan or owed a refund or repayment on a federal or state grant administered by the Commission
- The recipient had less remaining eligibility than required to justify payment;
- The recipient was not a legal California resident; or
- The recipient's need was not sufficient to justify payment.

If Cal Grant program funds are disbursed to a recipient's account or otherwise retained by the school for payment of school charges and the recipient withdraws during the term for which payment is made, the school will determine whether a refund is due the Commission based on the school's refund policy.

Recipient Drops Units- If the recipient is eligible for payment at the time of disbursement, but drops below the required number of units applicable to the payment received for a term, the recipient remains eligible for the entire payment or school charges, whichever is less, unless a refund is due based on the school's refund policy.

If a refund is due, schools are responsible for repaying the Commission by reporting an adjusted payment transaction.

Schools initiate refunds- If a determination is made after the Commission's final reconciliation, the school is responsible for initiating a refund to the Commission.

Refund Guidelines- Schools should use the following guidelines when making a refund to the Commission:

- If a determination is made after the final reconciliation for the award year, payment of refunds must be made to the Commission within thirty (30) days upon the identification of an ineligible payment.
- The Commission will be responsible for recovery of funds from the recipient if the school or the Commission discovers that a recipient has received funds for which the recipient was not eligible due to reasons other than those stated above.

The school will initiate any payments of refunds determined after the final reconciliation.

Chapter 8 Cal Grant Program Payments

When making a payment, include the student's name(s), SSN(s), CSAC ID(s), and academic year(s) with the refund and mail to:

**California Student Aid Commission
Fiscal & Administrative Services Branch
P.O. Box 419026
Rancho Cordova, CA 95741-9026**

9 Cash Management and Disbursement

Any interest earned on Cal Grant funds in any account must be returned to the Commission on behalf of the state.

This Chapter covers the processes by which schools receive and disburse Cal Grant funds. The annual funding cycle begins in August, or upon the passage of the state budget, and ends on December 31 of the following year.

9.1 Cal Grant Funding Process

Each year in August, or after the annual state budget becomes law, whichever is later, the Commission advances money to participating Cal Grant schools. Each school's fall term advance is 95 percent of the total reconciled Cal Grant payments for the fall term of the previous year. If a school is a newly participating institution or has no reconciled payments from the previous fall term, the school must submit payment transactions in order to receive funds. See Example 1.

Example 1 - Fall Advance

-A school reconciled \$1,000,000 in payments for fall 2002-03.
-Therefore, the school's 2003-04 fall term advance would be:
 $\$1,000,000 \times 95\% = \$950,000$

Schools will receive an advance for each term during the award year. The amount of the advance is calculated as 95 percent of the amount that was reconciled for the same term of the previous year. However, the amount advanced for subsequent terms is offset by any funds still remaining in the school's account. See Example 2.

Example 2 - Advance, Minus Offset

-A school is advanced \$95,000 for the fall term and has reconciled \$80,000 in payments before the spring advance.
 $\$95,000 - \$80,000 = \$15,000$ offset remaining from the fall.
-Prior year spring payments were \$110,000.
 $\$110,000 \times 95\% = \$104,500$ potential spring advance.
-However, the new spring advance is:
 $\$104,500 - \$15,000 = \$89,500$

Once the advance is sent to the school, the institution uses the funds to disburse Tuition/Fee, Access and Books & Supplies payments to recipients or credit the recipients' accounts. The school also begins reporting payments to the Commission. The reconciliation process updates the school's account balance to reflect the total payments that have been reconciled. During the month-end process, if the amount of payments reconciled for the term exceeds the advance amount, additional funds will be sent to the school. See Example 3.

Example 3 - Additional Funds

-A school was advanced \$95,000 for a term.
-The school reported \$105,000 in payments for the term.
-Therefore, the Commission will send an additional:
 $\$105,000 - \$95,000 = \$10,000$ for the term.

Each month, the Commission produces a *Payment Activity Report* summarizing all funds sent to the school and the total of reconciled payment transactions received from the school for the academic year. This report is discussed in detail in Chapter 10, Reconciliation.

9.2 Delivery of Funds

When funds are authorized, the Commission submits a claim schedule to the State Controller's Office authorizing payment to the school. The State Controller's Office then issues either an Electronic Funds Transfer (EFT) to the school's designated account or a paper warrant.

EFT is Quicker- EFT allows schools to receive Cal Grant payments via direct deposit to a designated account. The paper warrant takes approximately five additional days for schools to receive funds.

Chapter 9

Process for Delivery of Funds to Schools

- 1) Each August, or after the state budget passes, the Commission calculates an advance amount for each school.
- 2) The Commission sends a claim schedule to the State Controller's Office.
- 3) Advance funds are sent to schools.
- 4) Schools can begin disbursements.

EFT Participation- To participate in EFT, the Commission requires that the school:

- ▶ provide valid bank routing and account numbers
- ▶ provide name and e-mail address of an EFT contact person
- ▶ participate in a test run to assure the validity of the provided accounts

The designated school contact will receive e-mail notice from the Commission when Cal Grant funds are scheduled for electronic transfer to the school's bank. The e-mail notice will indicate the scheduled dollar amount of funds to be issued and the day the school may expect funds to be deposited. As a convenience, the school can designate the e-mail to be sent to multiple addresses.

Participation in EFT is highly recommended, but is not mandatory. It is important that schools notify the Commission as soon as possible to update any changes in EFT contact, bank or e-mail information.



Contact Us- To contact the Commission regarding EFT transactions or information, use the following e-mail address: eft@csac.ca.gov

9.3 Institutional Cash Management gaap Account Maintenance

When agreeing to participate in the Cal Grant program, an institution agrees to maintain standards of administrative capability in accordance with state and federal laws and regulations as applicable. The institution shall maintain and document an accounting system that conforms to generally accepted accounting principles and practices that allows the Commission to determine adherence to fiscal responsibility and standards. Documentation requirements include items such as:

- ✓ Cash receipts and disbursement journals,
- ✓ Bank account reconciliation,
- ✓ Evidence of receipt of funds by recipients or credit of funds to recipients, and
- ✓ All other accounting records necessary to account for all transactions.

The institution must designate individuals who are responsible for Cal Grant account maintenance and the adherence to accepted accounting principles and practices. The institution also agrees to designate two separate individuals: one who is responsible for authorizing the payment of Cal Grant funds and one who is responsible for disbursing or delivering funds. No one person or office may exercise both functions for any student receiving Cal Grant funds. For additional information, please refer to **Chapter 2** and the Institutional Participation Agreement. A copy is included as **Appendix ?**

Designated Account- Schools are required to maintain all Commission Cal Grant funds in a designated account identified as the property of the state either by a ledger account or a bank account. The school may deposit funds from various sources including Cal Grant funds into one bank account, but must identify the Cal Grant funds by using subsidiary ledgers. If desired, the institution may establish a separate bank account designated for Cal Grant funds.

All activity (deposits and expenditures) of Cal Grant funds must be supported by appropriate accounting records in accordance with generally accepted accounting principles and practices. Any interest earned on Cal Grant funds **in any account** must be returned to the Commission on behalf of the state.

Security and Confidentiality

Schools must establish and maintain written policies and procedures that provide security and confidentiality of all recipients' personal identification information, payments, financial history and other related confidential information and documents.



Records Retention

The retention of comprehensive and accurate program and fiscal records documents the accuracy of reported grant payments and the right of the institution to receive or retain payments made by the Commission.

Commencing with the 2000-01 award year, the Commission moved to a three-year record retention requirement for Cal Grant records. All records related to an academic year (July 1-June 30) should be retained for three years following the end of that academic year. See Example 4.

Example 4- Records Retention

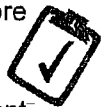
A student attends a school and exhausts his/her Cal Grant eligibility with a payment for the spring term that ends June 30, 2003. The student continues to be enrolled at the school but receives no further Cal Grant payments. The record retention requirement for the student's Cal Grant records is until June 30, 2006.

Records for award years prior to 2000-01 continue to be subject to the previous five-year requirement. The Commission policy is now generally aligned with the United States Department of Education records retention requirements.

The Commission emphasizes the importance of maintaining complete and accurate records. Program and fiscal records are critical to demonstrate the school's eligibility for participation in the Cal Grant Program and they provide a clear "audit trail" for Cal Grant Program expenditures. Records must be retained to demonstrate proper administration of Cal Grant Program funds. Records for each Cal Grant recipient must clearly reflect that the student was eligible for the funds received, and that the funds were disbursed in accordance with program regulations.

9.4 Disbursement of Funds

Schools are allowed to credit grant funds to recipients' accounts up to three weeks before the start of each term. Access or Books & Supplies payments may be released up to 10 days before the start of each term.



Schools are to establish a written disbursement policy consistent with the Commission's policies and guidelines. Schools must:

- Make available to students a written disbursement schedule consistent with the start dates of the institution's enrollment periods and in accordance with the requirements specified for each educational program.
- Determine course attendance according to the recipient's attendance status at the time Cal Grant funds are paid. Disburse "Access" and "Books & Supplies" payments within ten days of verification of enrollment status.
- Disburse funds only to recipients whose eligible payment statuses have been verified and for no more than that which the recipients are eligible to receive for the term.
- Use its institutional refund policy to determine the amount of Cal Grant funds to be returned to the Commission on behalf of the state. Cal Grant funds may not be used for reimbursement to the federal government.

Chapter 9

- Regularly submit payment transactions through WebGrants, data files or the Grant Roster.
- Make all disbursements no later than September 30 following the end of the award year (e.g., September 30, 2004, for award year 2003-04).
- Establish and publish a policy that informs students of their options regarding receipt of Cal Grant funds and the student's subsequent ability to rescind their existing instructions at any time. This policy should be explicit on at least the following points:
 - ◆ Access or Books & Supplies payments are disbursed in accordance with school policy unless the student requests another action. For example, if the school normally applies Access funds directly to tuition, the student may request that the term amount be delivered direct to them.
 - ◆ The student may make this request at any time; however, any cancellation only affects future payments.
 - ◆ Access or Books & Supplies payments cannot be delivered to a third person



In addition, schools should be aware that:

- Cal Grant funds are to be disbursed in term order (i.e., disburse the fall term payment before the winter or spring term payment)
- Schools are not required to keep a separate recipient signature on file to verify that the recipient received payment for Access or Books & Supplies payments. However, canceled checks or warrants with recipient endorsement must be retained as verification.
- Schools may mail checks to students.
- Tuition/fee awards are disbursed in an amount not to exceed the maximum value of the tuition award for the term, or the maximum tuition/fees charged, whichever is less.
- In the event that the student is receiving benefits from another financial aid source that is also restricted to tuition and fees, the Cal Grant

tuition/fee payment amount must be adjusted or the other tuition-paying award can be returned so as not to exceed, in total, the amount of tuition/fees charged. In the event of other tuition awards, attempts should be made to preserve Cal Grant eligibility, since Cal Grants are a renewable source of aid.

- In the event that other non-tuition restricted aid has already been applied to the student's tuition/fee charges, or if the student has already paid their tuition/fees from their own funds, then Cal Grant tuition/fee funds may be released to the student. This is assuming the student has sufficient financial need for the payment.
- Should a school disburse funds to a student prior to approval of a final state budget, any overpayment may be adjusted by reducing subsequent term payments for that academic year if the student was enrolled in later terms.

Consortium Agreements

Schools may release funds for students attending other schools if a consortium agreement is in place. See Chapter 2 for more information regarding the establishment of consortium agreements.

For payment purposes, a student's enrollment status (full-time, three-quarter-time, half-time) can be determined based on the total units at both schools if a consortium agreement exists between the schools. If no consortium agreement exists, concurrent enrollment cannot be considered for Cal Grant purposes, and the participant's payment eligibility will be based only on the student's status at the school reporting payment.

9.5 Year-end Process

The Cal Grant participation agreement requires schools to make all disbursements for the year no later than September 30 following the award year. (e.g., For the 2003-04 award year, the deadline to make payments is September 30,

2004.) The Commission expects schools to also report all payment transactions for the year by that date, but preferably much earlier.

To resolve any subsequent payment transaction problems, Commission staff is available to work with financial aid administrators to help complete October and November processing and to assist schools with the reconciliation process.

Return of Excess Funds- In January, following the award year, schools that owe funds as a result of the Commission's final reconciliation will be sent an invoice. Payment of any invoice is due to the Commission within thirty (30) days of the invoice date.

Why Wait?

It is not necessary to wait, however, for an invoice at the end of the year. If at any time during the year, a school identifies that excess funds exist, the funds can be returned to the Commission with a brief note of explanation.



Mailing Address For Excess Funds

Institutions should send excess funds to:
Management Services Division
California Student Aid Commission
Fiscal and Administrative Services Branch
P.O. Box 419026
Rancho Cordova, CA 95741-9026

10 The Cal Grant Reconciliation Process

“The institution agrees to reconcile Cal Grant expenditures for each award year on a student-by-student basis. The institution certifies that it has paid each student an amount that reconciles to the Commission's records for both Cal Grant funds expended and student attendance.”

Institutional Participation Agreement, Article IV, D-5

10.1 The Reconciliation Process

Reconciliation is the process of comparing the transactions reported by the school with transactions accepted and reconciled by the Commission. Reconciliation is not accomplished until the school's records match the Commission's records exactly. The reconciliation process is ongoing throughout the year, not just an end-of-the-year function.

The following are keys to a school's successful reconciliation process. Each school should:

1 Account for funds received by the institution

The first step to successfully managing Cal Grant funds is ensuring that the cash management procedures, described in Chapter 9, are followed. The school must establish a separate accounting ledger for Cal Grant funds. A successful reconciliation process includes all offices that award, disburse or receive Cal Grant funds. Examples include Financial Aid, Registrar, Bursar and Accounting. Coordination between offices is essential to ensure that student records are consistent and that all systems are in balance.

2 Have documented procedures for transferring information between the Commission's database and the school's database

Each school must develop a system of accounting for Cal Grant funds. The reported attendance status and payment amount for each student must be the same on the Commission's records as it is on the institution's records.

When adjusting payments on either system, the school must ensure that a corresponding adjustment is made to the other. For example, if a student drops from full-time to half-time and his/her Cal Grant payment is adjusted, the adjustment must be reported to the Commission and also entered into the school's database.

3 Work Commission reports on a regular basis

The following is a list of the reports that should be used in the reconciliation process:

a. Accept/Reject Report

- Produced weekly, following payment processes
- Provides a detailed listing of each payment transaction processed and whether it was accepted or rejected by the Commission

b. Payment Activity Report

- Produced monthly, following the month end cycle
- Provides a summary of the funds reconciled by the Commission and the fund balance

c. WebGrants Reconciliation Report

- Partial update weekly; full update monthly
- Provides cumulative year-to-date student level data for all payment transactions

d. Leave of Absence Report

- Updated weekly, following payment processes
- Provides a cumulative year-to-date list of students who have a leave of absence transaction posted and the term(s) in which the leave of absence was used

e. Withdrawn Student Report

- Updated weekly, following payment processes
- Provides a cumulative year-to-date list of students who have been withdrawn from the Cal Grant program.

Samples of each of the above reports are contained in Section 10.6.

Chapter 10

10.2 Weekly Reconciliation

The Commission processes payments at the end of each week. All payment transactions, including school changes, submitted during the week are processed. A new payment roster is created, both the Roster and Reconciliation screens on WebGrants are updated, and a summary of all transactions for each institution is produced as a result of the weekly cycle. The transaction summary is the *Accept/Reject Report*.

The Accept/Reject Report- payment transactions submitted through a data file, keyed directly into WebGrants, or entered by the Commission are all listed on the Accept/Reject report. The report represents weekly activity; it is not cumulative. The report is available on WebGrants in both a data file and a report format.

This report is divided into two sections:

- The *Rejected* section contains a list of transactions that rejected during the payment processing cycle. The reject reason is indicated on the report, along with the transaction detail.
- The *Accepted* section lists transactions that have been accepted and the transaction detail.

Working the Report

Schools should regularly check the Rejected Section for transactions that were not accepted and should review the reject reasons and make the appropriate corrections. If the student is not eligible for payment, the school's records should be corrected. If the student is eligible for the payment, the payment transaction should be corrected and resubmitted to the Commission through the normal payment processes. Schools may call the Commission's Grant

Operations staff for assistance in resolving any problems that they encounter in posting payment transactions.

Common Payment Errors- The Reject Reasons Table, included in Section 10.6, helps schools resolve rejected transactions, including:

- Need must be reported for renewal students
- Student was already paid at another school
- No transaction was reported for the initial fall term
- Student not in an eligible award status
- Payment exceeded prorated amount

The Accepted Section of the report lists all of the transactions that were posted to the Commission's database along with a summary of the total number of transactions and the total dollar amount. Schools should review this section to check that the payments listed are reflected on the school's database and in their accounting records.

Student-by-student reconciliation is critical. It is possible for the total dollar amounts to match exactly and still have student-level errors. For example, a payment could have been inadvertently keyed for the wrong student (see Figure 1). The total number of transactions and the total dollar amounts included in the summary should match the institution's records.

Figure 1

Reconciliation Example

Payments Processed by CSAC		Payments Disbursed to Students	
Karen Banning	\$775	Karen Banning	\$775
Tim Chan	\$4,416	Tim Chan	\$4,416
Al Hamiel	\$775	Al Hamiel	\$775
Margaret Kith	\$5,191	Margaret Kith	\$775
John Smith	\$4,416	Julio Sanchez	\$4,416
		John Smith	\$4,416
Total	\$15,573	Total	\$15,573

In this example, the total dollar amounts match, but the student-level detail is not the same. The student Julio Sanchez received a payment of \$4,416 according to the institution's records, but this payment does not appear on the Commission's records. For the student Margaret Kith, the institution's records show a payment of \$5,191, a difference of \$4,416.

10.3 Monthly Reconciliation

Once a month, the Commission totals all of the payment transactions submitted by each institution and adjusts account balances accordingly. If additional funds are owed, payment is issued to the school. As a result of this process, the *Payment Activity Report* is produced. It provides schools with detail and summary information on:

- term advances
- reconciled and accepted payment transactions, and
- Cal Grant fund balance

The Payment Activity Report- incorporates all of the accepted payment transactions for the previous month. The report consists of two parts-

- the Accounting Summary, and
- the Payment Transaction Summary

Both sections of the report are produced regardless of whether or not the school reported transactions during the previous month. *These reports are informational only and should not be returned to the Commission.*

Working the Report

The Accounting Summary- provides the school with cumulative chronological information regarding the funds it has received from the Commission. Funds received and payment transactions are compared on the report and the resulting balance, or the amount of cash the school has "on hand," is calculated and displayed. The balance must match the school's Cal Grant fund balance exactly.

The Payment Transaction Summary (Summary)- provides schools with detailed information regarding reconciled and accepted payment transactions. The Summary has two sections:

Chapter 10

a The Payment Transactions Reconciled- section contains the total dollar amount of reconciled payment transactions for the month's activity.

b The Accepted Payment Transactions- Not Reconciled- section reflects payment transactions reported by the school for "future" terms, or terms for which the school has not already received advance funds. When the advance for that term has been disbursed, these transactions will be transferred to the Payment Transactions Reconciled.

Both sections of the Summary have two parts: current and year-to-date activity. Each part of the Summary contains detailed information regarding the amount of the school's reported payment transactions for each term, with column totals provided. Schools should compare the information contained in the Summary with institutional records and resolve any discrepancies. Schools may need to review previous Accept/Reject reports to determine where the discrepancies occurred.

10.4 Year End Reconciliation

Following the end of each academic year, the Commission runs a final payment cycle and produces a final account balance for each school. Any institutions that still have Cal Grant funds remaining will receive an invoice for these funds.

In preparation for this process, schools are expected to make final payments by September 30 following the award year and resolve any outstanding payment issues during the months of October and November. To assist in tracking final reconciliation activities, the school should develop a summary form to document the process. All documentation should be retained by the institution and be available during a compliance review.

Each payment amount reported to the Commission must match both the Financial Aid Office's record of disbursement and the actual amount released to the student or the student's account. Each institution must reconcile its records at the Financial Aid Office to the records of the Accounting Office and/or the Burser's Office. These records must then be exactly reconciled with the Commission's records.

Sample Reconciliation Worksheet- the Commission has designed a sample reconciliation worksheet that lists the basic steps a school can follow to perform the reconciliation of Cal Grant payments with school records.

10.5 WebGrants Reconciliation Reports

Other tools for reconciliation

The WebGrants Reconciliation screens contain a variety of report options for schools to use in balancing institution records to Commission records. These reports are updated weekly. However, until the month-end process is completed, the transactions will show as "accepted" but not "reconciled." Schools may filter their reports to include only the reconciled payments. The Roster/Reconciliation Users Guide located in the Help Center on WebGrants contains additional information about the WebGrants reconciliation screens.

The CSAC Standard Format- contains all reconciled and accepted student records. The Basic Report Filter provides schools with the option of limiting the report to a specific term, program and/or award type. *For example*, if a school is reconciling payments and determines that the Cal Grant B Access amount for the fall term does not match, the school may create a list that contains only the students for whom the

Commission shows a fall Cal Grant B Access payment.

Customize Roster Formats- allows schools to sort and filter data to tailor reports to internal specifications. Schools may select which data elements are displayed, the order of those data elements, and then filter the records to be included.

The Student on Leave Report- is a cumulative list of all students who appeared on the institution's payment roster, for whom a leave of absence has been reported.

The Student Withdrawal Report- is a cumulative list of all students who appeared on the institution's payment roster, but were withdrawn during the academic year.

10.6 Report Samples and Field Descriptions

11 Compliance Review

“The Commission provides the following general compliance review process information to help schools in evaluating their internal operations to determine compliance with the various requirements outlined in this and other Cal Grant Manual chapters.”

11.1 Compliance Review Purposes and Methods

Compliance reviews are conducted at participating Cal Grant schools. The purposes of a Cal Grant compliance review are:

- ▶ to review and analyze the administration of the Cal Grant program at each participating school, and
 - ▶ to provide information and feedback to school staff to assist them in taking corrective action, if necessary.
- ▶ document reasons for specific problems identified in the school's routine processing and exceptions monitoring
 - ▶ initiate corrective action, including recovery of funds
 - ▶ assist in the correction and/or prevention of future problems, and
 - ▶ initiate any necessary administrative actions to encourage appropriate use of funds.

Through interviews and reviews of records, compliance staff analyzes the adequacy and enforcement of school-established internal controls. These controls help safeguard the operational and fiscal integrity of the Cal Grant program.

Review Process Helps Schools

Although most of the areas of review are included in this chapter, it is not intended to be all-inclusive or to limit the scope of review. Therefore, the absence of compliance items here does not relieve the school of its obligation to comply with all applicable federal and state laws and regulations, the Institutional Participation Agreement, this Cal Grant Program Manual or any other written procedures and policies issued by the Commission.

Purposes of a Compliance Review

A compliance review is conducted to:

- ▶ evaluate the school's administration of the Cal Grant program
- ▶ ensure compliance with applicable laws, regulations, Commission policies and procedures, and the Institutional Participation Agreement
- ▶ evaluate the school's controls and procedures

✓ School Selection for Compliance Review

Schools participating in the Commission's Cal Grant program are scheduled for compliance reviews, based upon, but not limited to, the following factors:

- ▶ no prior review
- ▶ timeframe of a date of last review
- ▶ findings noted in a prior review
- ▶ dollar volume and number of recipients of the Cal Grant program at the school
- ▶ non-payment of invoices
- ▶ reconciliation issues
- ▶ referral, such as from other Commission Divisions, or any other state or federal agency, or a pattern of inquiries about the school's financial aid or accounting practices.

Compliance Review Methods

There are two methods of compliance review:

On-site Review- Schools with a large number of Cal Grant recipients are scheduled for an on-site review. On-site reviews typically take three to five days in the field, depending on the size of the school, the sample size, and the number of Commission programs in which the school participates. More time may be required if the scope of the review is expanded.

Desk Review- Schools with very few Cal Grant recipients are usually considered for a desk

Chapter 11

review. The desk review is similar to the field review, except communication is conducted via telephone, facsimile and electronic mail. A desk review may include a site visit, if deemed necessary by the compliance staff in charge.

11.2 Areas of Review

The principal objective of a compliance review is improved overall administration of the Cal Grant programs. The review encompasses the following general areas:

General Eligibility- The school's general Cal Grant program administrative capability is reviewed. The school's academic programs are reviewed to determine that they are appropriate for Cal Grant programs in which the institution participates.

Applicant Eligibility- The school is responsible for ensuring that only eligible students receive Cal Grant program funds. Individual student eligibility (California resident, U.S. citizen or eligible non-citizen, enrollment status, satisfactory progress, etc.) is reviewed through the examination of a sample of students.

Fund Disbursement and Refunds

The school is responsible for establishing and complying with disbursement policies and requirements (authorization, payment amount, etc.).

Completion of Rosters and Reports- The school is responsible for the accurate completion of and timely submission of data (including reports, rosters and forms) that are used in the administration of the Cal Grant Programs. The school must also resolve and report any discrepancies found between the Commission's data and the institution's records.



File Maintenance and Record Retention-

Schools must retain all records pertaining to the Cal Grant programs for three years. Records may be stored on paper or in a machine-readable format.

Fiscal Responsibility for Program Funds -

The Commission's review includes an assessment of the school's internal accounting processes, procedures and controls used in the administration of Cal Grant funds.

11.3 Review Process

The review process encompasses:

School Notification

Schools are contacted to schedule a review date and establish a school contact person. An Engagement Letter will confirm the date, include the name of the compliance staff member who will perform the review, as well as request;

- ▶ policy and procedural material,
- ▶ student records, and
- ▶ other information required for the review.

The Commission reserves the right to perform unannounced program reviews when deemed necessary.

Sample Size Determination

- ▶ A sample size of 40 students is developed for schools with 100 or more program recipients
- ▶ A sample size of 15 students is developed for schools with 16 to 99 program recipients
- ▶ For a school with 15 or fewer recipients, all students are examined



Review Preparation

Engagement Letter- The Engagement Letter will request certain written material from the school prior to the on-site review. The information submitted by the school is reviewed by the compliance staff to become familiar with the school's operations in preparation for the on-site review.

On-Site Review

The on-site review includes the following:

Entrance Interview- The on-site review begins with an entrance interview. The Commission compliance staff conducts an entrance interview with school staff that describes the Cal Grant program administration compliance review

process. Compliance staff also collects additional information on school policies and procedures to be used in conducting the review.



Document the Review- Compliance staff reviews a sample of student records and other relevant information. The school must be prepared to give access to any paper or electronically stored institutional records. Interviews with various school staff from the different offices may be necessary to clarify or resolve any questions. During this phase of the review, the compliance staff analyzes the records and compiles review findings.

Documents compliance staff examines include:

- Academic records
- Attendance records
- Canceled checks (access and books & supplies)
- Citizen or eligible non-citizen documentation
- Class schedules and catalogues
- Disbursement policy and disbursement schedules
- Enrollment records
- Financial aid records, including need analysis documentation, ISIRs, budgets, award letters, renewal need calculations, etc.
- General ledgers and other accounting records that support Cal Grant fund transactions (e.g., Accounts Receivable reports, bank statements, etc.)
- Grant Roster transactions, Education Level Verification reports, and any other Commission reports that contain information the school reported to the Commission
- Individual student files
- Institutional refund policies
- Satisfactory academic progress documentation
- Student access and book & supplies authorizations
- Student account records
- Verification documentation
- Written policies and procedures describing the school's administration of the Cal Grant program, *and*

- Any other files the compliance staff deems necessary to conduct the review.

School Offices Contacted- the following school offices will be contacted during the compliance review:

- Financial Aid
- Admissions
- Registrar
- Accounting, *and*
- Additional offices and staff as necessary.

Written Pre-Exit Document

Compliance staff provides a written "pre-exit" document that lists questions, comments and draft non-compliance issues to the school contact. The school contact person will have an opportunity to provide a written explanation and any necessary supporting documentation prior to the exit interview.

Exit Interview- Compliance staff conducts an exit interview with school staff to discuss findings, recommend corrective actions, and convey potential liabilities. The school is also given a preliminary timeframe for receipt of the Commission's draft report.



Compliance Report

Draft Report- The Commission issues a written draft report after the compliance review is completed. The report summarizes the compliance staff's examination of records and procedures, and identifies specific findings, required actions, and recommendations. The school must respond to the report by:

- indicating the corrective actions taken,
- submitting payments,
- providing a clarifying response to any particular findings, and
- providing updated policies and procedures

Recovery of Liabilities- The Commission may assess liabilities against the school due to errors or omissions resulting from the disbursement of Cal Grant funds to students

Chapter 11

who do not meet program requirements or specific conditions of eligibility. The school is required to pay any school liability determined as a result of the program compliance review as detailed in the General Payment Instruction section of Chapter???

Final Report- Once the school has responded satisfactorily to all the draft report findings, and any liabilities have been paid, the Commission issues a final report to the school, closing the review.

!! Administrative Actions


Non-compliance with any of the provisions of the Institutional Participation Agreement and the requirements set forth in the Cal Grant Program Manual may result in the termination of the Institutional Participation Agreement and privileges that are afforded under it.

12 Commission Communications


The Commission releases Policy Bulletins, Operations Memos and Special Alerts to report changes in Commission practices, policy and procedures. These notices provide updated information and notify schools of changes. The Commission mails a copy to the Financial Aid Director at each campus and posts its notices to one or more of its List Services. The Commission advises school personnel to subscribe to its e-mail List Services to remain informed of new information.

The Commission may also post notices of policy changes and other information to the lists of the California Association of Student Financial Aid Administrators (CASFAA) and the California Community College Student Financial Aid Administrator's Association (CCCSFAAA).

12.1 Commission Web Site

 Schools may access the Commission's Web site at www.csac.ca.gov. Here, the Commission places information of importance to students, parents, schools and other interested parties about the Commission's programs and services. The Commission frequently changes Web site content and features, so it is advisable to visit the Commission's Web site regularly to review the changes.

Communications Tools

 **Publications-** This section includes Commission publications stored in the Adobe Portable Document Format (.pdf) including the most recent *Fund Your Future Workbook* for students, the *Fund Your Future Counselor Guide* designed for counselors and other student advocates and the *Fund Your Future* brochure, which provides the basics of financial aid. The Commission's *Forms and Publications Order Form* is also available here.

Operations Memos and Special Alerts- Recent Commission Operations Memos and Special Alerts are located here in Adobe Portable Document Format (.pdf).

Commission List Services

The Commission List Service feature was introduced to distribute Commission updates to school staff and others automatically.

There are four lists:

- ▶ College Financial Aid Professionals
- ▶ High School Professionals
- ▶ WebGrants Users
- ▶ CSAC News – Public

How to subscribe- To subscribe to any of these lists, log on to the Commission Web site at www.csac.ca.gov and select the "Links" option. The "CSAC List Services" option will then become available. Selecting it displays both the professional and public list service options. Follow the instructions to subscribe.

Professional Lists- Of the four lists, three are designed specifically for college financial aid administrators and high school professionals. These three lists, "College Financial Aid Administrators (CAA)", "High School Professionals (HSP)" and "WebGrants Updates (WebGrants)" are secured with a generic ID and password.

Only college aid administrators and high school counselors or principals should subscribe to these three lists. The log-on ID and password should not be shared with students or parents. As of October 2003, the ID and password are:


Username: students
Password: 1SEC2001

Chapter 12

This password is case sensitive and should be entered exactly as it appears. The Commission will periodically change the log-on ID and passwords. Schools will be notified of the changes via e-mail to participants and through a Commission Special Alert. Enter the log-on ID and password, then click on the "publications" link to bring up copies of all recent Commission Policy Bulletins, Operations Memos and Special Alerts.

General Information List- Students, parents, and the general public may subscribe to the public list service for general information relative to Cal Grants by subscribing to the "CSAC News" list service. Interested school staff may subscribe to this list as well. No ID or password is required to subscribe to "CSAC News."

12.2 Commission Publications

 The Commission, and its auxiliary EDFUND, annually publish a number of financial aid and educational publications. These include:

- ▶ *Fund Your Future Workbook* – The best overall guide to student financial aid available in California. There are several state versions, a national version and one just for California. Order the California version for students in California.
- ▶ *Fund Your Future Counselor's Guide* – The counselor's companion guide for the workbook.
- ▶ *Fund Your Future Brochure* – A brochure covering the financial aid basics.
- ▶ *Student Aid Commission GPA Verification Form* – March 2 (G-4) and September 2 (G-4.1) versions.
- ▶ *Cal Grant Flyer*– Available in English, Spanish, Chinese, Vietnamese, Korean and Russian.
- ▶ *Cal Grant Filing Deadline Posters*– To display in your financial aid office or other areas where students gather.
- ▶ *Specialized Programs Brochures*– Brochures are available for each of the Commission's Specialized Programs.
- ▶ *GED Brochure*– For GED graduates.
- ▶ *GPA Information Release Form*– Allows high school students to release GPA information. (Available on CSAC Web site only.)

Publication Ordering Information

Shipping Center- Contact the Commission's Shipping Center staff to place orders.

Write to:

California Student Aid Commission
P.O. Box 419027
Rancho Cordova, CA 95741-9027

Shipping Center Fax:

(916) 526-8838

Shipping Center Telephone:

(916) 526-7282

A number of publications about the Cal Grant program and the application process for other kinds of California financial aid can be ordered through the CSAC and EDFUND Web sites. You can log on to www.csac.ca.gov or www.edfund.org for lists of publications.

12.3 Outreach and Training

The Commission provides training on Cal Grants and general financial aid at numerous times throughout the year. Log on to the Commission Web site at csac.ca.gov/schools/training for training session information and a variety of training resources.

Schools may request specialized training on an as-needed basis. Commission training sessions can be scheduled to coincide with workshops and presentations at various education and outreach conferences.

Approved Certification Workshops

In accordance with the California Education Code, the Commission is responsible for the certification of seminars and workshops designed for financial aid office staff at private postsecondary educational institutions that do not grant degrees. Financial aid directors and officers at these schools must document completion, within the previous two years, of a training seminar or workshop certified by the Commission. (C.E.C. 94920 (b)(4)(B), (5)(A)).

Chapter 12

Contact the Outreach and Training Division for a list of those agencies and individuals who have been certified to provide such training.

12.4 Calendar, Division Hours and Contact Information

Calendar

Each year, the Commission publishes a list of observed holidays. Although normal Commission business will not be conducted on those days, the Grant Delivery System will continue to operate and WebGrants access will continue. A calendar of scheduled WebGrants processing periods is available on the WebGrants Web site. The calendar shows when the system will be available for update access.

Telephone Hours

Grant Services Division telephone hours are 8:00 a.m. to 4:55 p.m., Monday, Tuesday, Wednesday and Friday. On Thursday, the hours are 9:00 a.m. to 4:55 p.m.

Mailing Addresses

Regular mail:

California Student Aid Commission
Grant Services Branch
P.O. Box 419027
Rancho Cordova, CA 95741-9027

Overnight mail:

California Student Aid Commission
Grant Services Branch
10811 International Drive
Rancho Cordova, CA 95741

E-mail Addresses

Grant Services e-mail address:
custsvcs@csac.ca.gov

Specialized Programs e-mail address:
specialized@csac.ca.gov

Outreach and Training e-mail address:
otdtraining@csac.ca.gov

Technology Help Desk e-mail address:
csachelpdesk@csac.ca.gov

Telephone Numbers

Customer Service:

Students - (888) 224-7268
(916) 526-7590

Schools - (888) 294-0153

Customer Service Fax:

Students- (916) 526-8004
Schools- (916) 526-8002

Legal Services and Governmental Relations
(916) 526-8918

Policy and Research
(916) 526-7991

Technology Help Desk
(888) 294-0148
(916) 526-8989

Outreach and Training
(916) 526-8920



OPERATIONS MEMO

Update of the California Student Aid Commission

October 31, 2008

GOM 2008-24

TO: Financial Aid Administrators

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

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

SUBJECT: 2009-10 Cal Grant GPA Verification for Colleges

This Operations Memo provides information for the financial aid community and college registrars who submit grade point average (GPA) verifications on behalf of students who are applying to the California Student Aid Commission (Commission) for 2009-10 Cal Grant program awards. Please review the enclosed "GPA Calculation Instructions" and the "Questions and Answers for Colleges" for details on preparing the GPAs for your students. **The submission deadline is March 2, 2009.**

GPA Verification Form Availability

The 2009-10 Cal Grant GPA Verification Form is provided as an enclosure with this memo and it will also be available for download from the Commission's Web site at <http://www.csac.ca.gov/doc.asp?id=1177>. Pre-printed paper forms will not be available for ordering in bulk.

Applicants who complete the student section of the GPA Verification form must take it to their school for certification by a school official before sending it to the Commission. The GPA can be provided on the paper version of the form or submitted online by the school.

Electronic GPA Submission

In mid-November the Commission will begin accepting GPA uploads from schools for the 2009-10 academic year Cal Grant awards. The WebGrants GPA function provides immediate feedback regarding the number of GPAs that have been accepted and identifies any errors in the upload. Electronic submission is secure, fast, and minimizes errors. Using the electronic upload option increases



State of California
Arnold Schwarzenegger
Governor

For more information you may contact us at:
California Student Aid Commission, Program Administration & Services Division
P.O. Box 419028, Rancho Cordova, CA 95741-9028 (888) 294-0153 Fax: (916) 464-8002
Website: www.csac.ca.gov E-mail: schoolsupport@csac.ca.gov

the probability that more of your eligible students will receive a Cal Grant award. Since these GPAs are certified electronically, there is no need to fax or mail a paper GPA form. A guide on electronically submitting GPAs is available on the WebGrants "Help Center" under *User Guides – GPA Screens*.

We strongly encourage all schools to upload GPAs electronically. This allows immediate confirmation that the GPAs were accepted and allows students to immediately view their submitted GPAs through "WebGrants for Students." As an alternative, schools may continue to use paper GPA Verification forms.

For further assistance, schools can contact the Commission's School Support Services staff at (888) 294-0153 or at schoolsupport@csac.ca.gov. Students with questions should be directed to Student Support Services at (888) 224-7268 or studentsupport@csac.ca.gov.

Enclosures: 2009-10 Cal Grant GPA Verification Form
2009-10 Cal Grant GPA Calculation Instructions
Cal Grant GPA Questions and Answers for Colleges

Working together to effectively promote education beyond high school!

For 2009-10 Cal Grants

**DO NOT SEND ACADEMIC TRANSCRIPTS
SEE BACK OF FORM FOR INSTRUCTIONS**



Please print clearly using *black* ink only.

- [illegible]

Date _____

VERIFIED STUDENT GPA:

--	--	--	--

Zip Code

G-4 10/08

Instructions for filling out the Cal Grant GPA Verification Form

STUDENT INFORMATION SECTION. Please print clearly using black ink only.

1. **Your Social Security number:** Enter your Social Security number (SSN) as it appears on your Social Security card and your FAFSA. (Valid SSNs do not begin with 8, 9 or 000. If you believe your SSN begins with an 8, 9 or 000, then contact your local Social Security Office to verify your number.) Individual Tax Identification Numbers (ITIN) are not accepted.
2. **Month/year of high school graduation:** Enter the month and year you graduated, or plan to graduate from high school. Enter the month in a two-digit format (for example: January should appear as "01"; November should appear as "11"). Enter the year in a four-digit format (for example: 2009 should appear as "2009").
3. **Your name:** Print your full name as it appears on your Social Security card and your FAFSA. Enter last name, first name, middle initial.
4. **Your date of birth:** Enter your birth date. For example, June 25, 1991 would be entered as 06-25-1991.
5. **Telephone number:** Enter your area code and daytime telephone number.
6. **Your permanent mailing address:** Enter your permanent mailing address, city, state and five-digit zip code.
7. **Your e-mail address:** Enter an e-mail address where you can be contacted for questions. This is optional.
8. **Spring school code:** Enter the school code for the school at which you are in attendance for spring 2009. Students graduating from high school in spring 2009 should write in the College Board high school code number for their high school. This is the same code used for sending SAT score information to the high school. Students who are in college for the spring 2009 school term should write in the federal code number of the college at which you are in attendance in spring 2009. Students who are not in college or high school for the spring 2009 school term should leave this section blank.
9. **Submitting a test score instead of a GPA:** Complete questions 1 through 10, sign the form and attach a copy of the testing organization's score report and mail by the deadline. **TRANSCRIPTS ARE NOT ACCEPTED.**
The results from the GED, SAT or ACT tests must be submitted in lieu of a GPA if:
 - You participated in a home schooling program or attended an unaccredited high school.
 - You attended a high school or college outside of the United States and are unable to have those grades converted to a 4.00 scale or your school did not grade in a manner that can be readily converted to a 4.00 scale.
 - Students who have been out of school for five years can choose to submit either test scores or their GPA.
 - Scores from the California High School Proficiency Examination (CHSPE) cannot be accepted in lieu of a high school GPA, but passing the CHSPE does meet the high school graduation requirement of the Entitlement Cal Grant program. Also, grade reports, transcripts, and other proficiency certificates **WILL NOT BE ACCEPTED.**
10. **Student signature:** By signing this form, you certify that you have read these instructions and that the information you provided is correct. It is illegal to report false or misleading information on this form and doing so may result in any Cal Grant award being revoked.
Once you have filled out the student information, take the form to your school and request that they verify your GPA. Be aware that if your school will be electronically submitting your GPA to the California Student Aid Commission, you do not need to submit this form. It is your responsibility to verify that the school will be submitting your GPA for you.

FOR SCHOOL USE ONLY SECTION

GPA IS BASED ON HIGH SCHOOL COURSEWORK:

Fill in this bubble **ONLY** if the GPA is based on high school coursework.

CALIFORNIA COMMUNITY COLLEGE RE-ESTABLISHED GPA:

Fill in this bubble **ONLY** if the GPA being certified is based on at least 16 but less than 24 units completed at a California Community College.

If the GPA is based on college units, and is not a reestablished GPA as described above, do not fill in any bubble.

GPA VERIFIER'S SCHOOL CODE:

High schools use their College Board school code; colleges use their USED OPE ID code.

VERIFIED STUDENT GPA:

Fill in **ALL** three GPA spaces. Cal Grant GPAs are calculated on a 4.00 scale. High Schools certifying GPAs **MUST** be accredited or have a UC-approved course list in order to verify GPAs. Students not attending accredited high schools should provide either a GED, SAT or ACT score.

GPA must be calculated in the manner described on the Commission's web site at <http://www.csac.ca.gov/doc.asp?id=1177>

After the school completes the GPA information, mail to:

California Student Aid Commission
Cal Grant Operations
P.O. Box 419077
Rancho Cordova, CA 95741-9077

All GPA forms must be postmarked on or before March 2, 2009



CalGrants.org

[Home](#) | [Contact Us](#) | [En Español](#)

ABOUT CAL GRANTS

HOW TO APPLY

WORKSHOPS

QUESTIONS?

TESTIMONIALS

SPONSORS

LINKS

[California Cash For College Workshops](#)
[Announcements](#)
[Find a Workshop](#)
[What to Bring](#)
[Questions?](#)
[\\$1,000 Scholarships](#)
[Want to Be a Volunteer?](#)
[Partners](#)
[For Organizers](#)
[2008 Registration FAQs](#)
[Workshop Tools](#)
[Contact Us](#)

ANSWERS TO HELP YOU!

2008 CASH FOR COLLEGE WORKSHOP REGISTRATION:

FREQUENTLY ASKED QUESTIONS

[What is the Cash for College Workshop series?](#)
[What are Cash for College Regional Coordinating Organizations?](#)
[Who can register to host a workshop?](#)
[What are the requirements to host a workshop?](#)
[How do I register to conduct a workshop?](#)
[When does the workshop series begin?](#)
[What is the new Web-based Evaluation Pilot Project?](#)
[Where do I order materials?](#)
[How long will it take my materials to reach my school, campus or organization?](#)
[Where can I get workshop tools such as presentations and required survey forms?](#)
[What is the Cash for College Scholarship?](#)
[How do students qualify for Cash for College scholarships?](#)
[What qualifies a workshop to offer a Cash for College scholarship?](#)
[How many scholarships are offered at a Cash for College workshop?](#)
[Who can I contact if I have more questions?](#)

What is the Cash for College Workshop series?

California Cash for College is a partnership effort which brings together high schools, community college and university financial aid experts and community organizations to offer low-income and first-generation college-bound high school seniors and their families hands-on help completing the FAFSA and other forms to apply for financial aid. Multi-lingual workshops are held each year starting in January through the March 2 Cal Grant application deadline at sites throughout the state. Many workshop sites also offer assistance for students who may not qualify for state or federal financial aid, volunteer assistance with tax forms and help researching private scholarships and other financial aid options.

[back to top](#)

What are Cash for College Regional Coordinating Organizations?

Six regions in the state have established broad regional coalitions to plan, promote, coordinate and in many areas conduct Cash for College workshops. Regional Coordinating Organizations, or RCOs, include Cal-SOAPs, higher education, school district and community groups. Each offer a venue to include all stakeholders locally, to ensure resources are maximized and duplication of effort is avoided. If your area is not within these coverage areas, the statewide Cash for College office will be your point of contact, at cashforcollege@csac.ca.gov

Current regional coverage areas and corresponding contacts include:

- Far North State: Butte, Del Norte, Glenn, Humboldt, Lassen, Modoc, Plumas, Shasta, Siskiyou, Tehama, and Trinity Counties. Please contact Marylee Boales, Shasta Union High School District, mboales@shusd.net
- Capitol Area: Sacramento and Yolo Counties. Please contact Monica Roberts, Sacramento Cal-SOAP/ Cash for College Coalition, mroberts@scoc.net
- East Bay Area: Alameda and Contra Costa Counties. Please contact Denise Little, East Bay Cal-SOAP/Cash for College Coalition, denise@eastbayconsortium.org
- South San Joaquin Valley: Kern and Kings Counties. Please contact Frank Ramirez, UC Merced, Bakersfield Center, framirez7@ucmerced.edu
- Los Angeles: Los Angeles County. Please contact Alma Salazar, Los Angeles Area Chamber of Commerce, asalazar@lachamber.org
- San Diego: San Diego and Imperial Counties. Please contact Linda Doughty, San Diego Cal-SOAP Consortium, ldoughty@ucsd.edu

[back to top](#)

Who can register to host a workshop?

College and university campuses, high schools, Regional Coordinating Organizations, government and community organizations can offer workshops.

[back to top](#)

What are the requirements to host a workshop?

Cash for College is a partnership effort which offers a series of tools and support to Cash for College organizers to organize, promote and conduct a financial aid workshop, and also asks Cash for College workshop organizers for assistance in outreach and evaluation to make the workshop and scholarship program a success. Below is a list of what Cash for College workshop organizers are offered and what is asked as part of the partnership.

What we offer workshop organizers:

- A \$1,000 scholarship to be offered at each qualifying Cash for College workshop (to learn more, see additional FAQs). Workshop organizers inform scholarship recipients of their award. Awards will be announced in May, 2008.
- Financial Aid Power Point presentations that provide a step-by-step guide on completing the FAFSA on the Web Worksheet;
- A collection of customizable planning tools (i.e. sign in sheets, templates, scholarship recognition letters, and student and parent surveys) to help coordinate and implement a successful event. You will have access to these tools under your organization's account;
- Follow up assistance or referrals for students requesting more assistance after the workshops;
- Increased coordination of local, regional and statewide marketing efforts to increase participant attendance;
- Access to marketing resources and tool kits;
- Access to specialized trainings and resources (i.e. volunteer financial aid training and AB540 presentation materials and guidebooks)
- Access to coalitions of Cash for College RCOs, where applicable, to help direct students and parents to your workshop. See FAQs for a list of coverage areas and regional contacts.
- Site support in the amount of \$300 is offered to the school or organization conducting the workshop. If more than 100 unduplicated student surveys are returned, the amount is increased to \$500. These funds are meant to help defray the costs of the workshops, including, but not limited to, materials, janitorial service, community site space rental, technology or assistance with computer lab set up.

What we ask of workshop organizers:

- Commit and plan to serve at least 25 students at each workshop.
- Complete the California Cash for College Outreach Action Plan.
- Use the California Priority High Schools targeted outreach list to guide selection of workshop sites. Or, if Priority High Schools are not identified in your area, prioritize outreach to low-income or disadvantaged students and first-generation college bound students. The Priority High School tool describes conditions which impact access to education beyond high school. Indicators used by the University of California ACCORD Research Center include family income, levels of poverty in schools, school counseling ratios, parent education levels, high school graduation rates, Cal Grant application rates and school or student submission of GPA Verification Forms. This tool is not meant to determine the level of outreach resources at each high school.
- Use the free California Cash for College/Cal Grant posters, adaptable regional and local flyers, PIN card and other tools as part of the organizer's student, school and community outreach.
- Aggressively promote the \$1,000 California Cash for College scholarship.
- Provide students and their parents/guardians line-by-line assistance on the FAFSA and direct students to verify their Cal Grant GPA during the months of January and February and up to the March 2nd Cal Grant deadline.
- Offer additional language support at workshops, as needed.
- Use attendance sign-in sheets at workshops and return copies to your regional or statewide office.
- Distribute the California Cash for College workshop evaluation/ scholarship entry form at each workshop, gather all surveys and return to the statewide or regional office. If you are participating in the 2008 Online Evaluation Project, evaluation forms will be made available online.
- Following the March 2 deadline, to apply for site support funds, provide a summary of student and parent attendance and other relevant workshop information to help evaluate the workshop series.

[back to top](#)

How do I register to conduct a workshop?

It only takes a visit to the [Cash for College Registration Site](#) to create your online account, read through and accept the Partnership Agreement, create your outreach plan, request your dates, locations and time of workshops, and order materials. We will confirm your registration and activate your dates and times for the online listing so that students and parents can locate workshops nearest to them. Activation may take a few days or up to a week, depending on the volume of requests received. You will receive an email from

us confirming when your workshops are activated and posted online. Our goal is to confirm and activate all workshops for the online listing prior to the December holidays.

[back to top](#)

When does the workshop series begin?

The 2008 Cash for College workshop series begins in January and runs up to the March 2 Cal Grant deadline. In some areas serving year-round high school schedules may offer workshops in mid December. Please note the Cal Grant March 2 deadline falls on a Sunday this year, which allows for one more weekend to offer workshops! Cal Grant GPA Verification forms will be accepted by the California Student Aid Commission on Monday, March 3, 2008.

[back to top](#)

What is the new Web-based Evaluation Pilot Project?

Each year, Cash for College tabulates all student and parent evaluations from each workshop to evaluate our progress in helping students successfully apply for as much financial aid as possible. Up to now, we have relied on a paper evaluation process. An Internet-based survey increases the quality of survey data so that Cal Grant application and awards for Cash for College participants can be tracked. An Internet-based survey can also ensure that email addresses are valid or that certain questions are answered. If you are interested to learn more about this new web-based feature, please contact the statewide Cash for College coordinator at cashforcollege@csac.ca.gov.

[back to top](#)

Where do I order materials?

When you've logged into your account, you can click on the Orders link to place your orders. Most all materials will be shipped to you from the CSAC/EDFUND warehouse. Some materials will be shipped from CSAC Headquarters or your Regional Coordinating Organization where appropriate.

[back to top](#)

How long will it take my materials to reach my school, campus or organization?

CSAC/EDFUND Publications staff is very efficient in filling materials requests. This year, we are asking organizers to tell us your "need to receive by" date. Please build in time you'll need to assemble your materials, as shipments will be targeted for receipt in time for your "need by" date.

[back to top](#)

Where can I get workshop tools such as presentations and required survey forms?

2008 survey forms will be posted under Account Settings closer to the workshop series start date, in December. Please do not use old surveys or presentations. If you cannot locate the current materials on the website, please do not hesitate to contact the regional or statewide office to obtain updated information. 2008 Presentation materials can be accessed at the [Cash for College Organizer](#) page.

[back to top](#)

What is the Cash for College Scholarship?

The Cash for College Scholarship is a \$1,000 scholarship offered through a third year of generous grant funding from the College Access Foundation of California. Up to 500 scholarships will be awarded statewide in 2008. The Foundation is the largest private non-profit foundation of its kind in California; its mission is to help students in California who have financial need attend college.

[back to top](#)

How do students qualify for Cash for College scholarships?

High school seniors who attend a Cash for College workshop, complete a student exit evaluation, and complete and send the required FAFSA and Cal Grant GPA Verification forms by the March 2 Cal Grant deadline, could qualify for a scholarship. After the March 2 deadline, one high school senior at each qualifying workshop who applies by the Cal Grant deadline will be randomly selected to receive a scholarship. Awards will be announced in May of 2008. To claim the scholarship, scholarship recipients must attend a 2-year public or 4-year public or private degree granting institution in Fall 2008 (within or outside of California).

[back to top](#)

What qualifies a workshop to offer a Cash for College scholarship?

A workshop must be registered prior to the workshop date. The student survey serves as the entry form to qualify for the scholarship. Student surveys must be returned to the regional or statewide office as soon as possible following each workshop. For sites participating in the Web-based Evaluation Pilot project, evaluations will be completed online at the workshop.

[back to top](#)

How many scholarships are offered at a Cash for College workshop?

Each workshop is offered up to two scholarships!

One (1) scholarship is offered per workshop with 25 or more returned, unduplicated student evaluations. If a workshop has fewer than 25 returned, unduplicated student evaluations, we will consider rural and remote area workshops in determining whether student evaluations are combined with another small workshop or whether the workshop will receive one (1) scholarship. An additional (1) scholarship is offered to workshops with 75 returned unduplicated evaluations.

[back to top](#)

Who can I contact if I have more questions?

You can contact your Cash for College Regional Coordinating Organization described in the above FAQs. If you are not working within those coverage areas, or have general questions, please send an email message to the statewide coordinator, Despina Costopoulos, at cashforcollege@csac.ca.gov.

[back to top](#)

[ABOUT CAL GRANTS](#) [HOW TO APPLY](#) [WORKSHOPS](#) [QUESTIONS?](#) [TESTIMONIALS](#) [SPONSORS](#) [CONTACT US](#) [LINKS](#)
[Site Map](#) [Privacy Policy](#) [Student Identity Theft](#) ©2008 California Student Aid Commission

P

Supreme Court of California
Russell Glen DAY, Plaintiff and Appellant,
v.
CITY OF FONTANA et al., Defendants and
Respondents.
No. S084616.

April 5, 2001.

Uninsured motorcyclist who was injured in collision brought suit against other driver, owner of property adjacent to intersection where collision occurred, and city and county; alleging dangerous condition of public property and nuisance against these two public entities. The Superior Court, San Bernardino County, No. SCV 273682, John P. Wade, J., excluded any evidence of noneconomic damages, and entered judgment on jury verdict finding motorcyclist was not at fault and awarding economic damages of \$454,574.21, allocated 52% to driver, 43% to city, and 5% to county. Motorcyclist appealed. The Court of Appeal affirmed. The Supreme Court, Baxter, J., granted review, superseding the opinion of the Court of Appeal, and held that motorcyclist sought to recover damages "arising out of the operation or use" of the motorcycle, and thus, statute limiting recovery for injured owners of uninsured vehicles operated to preclude him from recovering noneconomic damages against city and county.

Affirmed.

Mosk, J., filed dissenting opinion.

Opinion, 90 Cal.Rptr.2d 308, superseded.

West Headnotes

[1] Statutes 361 181(1)

361 Statutes

361VI Construction and Operation
361VI(A) General Rules of Construction
361k180 Intention of Legislature
361k181 In General
361k181(1) k. In General. Most

Cited Cases

Statutes 361 184

361 Statutes

361VI Construction and Operation
361VI(A) General Rules of Construction
361k180 Intention of Legislature
361k184 k. Policy and Purpose of Act.

Most Cited Cases

The Supreme Court's fundamental task in construing a statute is to ascertain the intent of the lawmakers so as to effectuate the purpose of the statute.

[2] Statutes 361 188

361 Statutes

361VI Construction and Operation
361VI(A) General Rules of Construction
361k187 Meaning of Language
361k188 k. In General. Most Cited

Cases

In construing a statute, the Supreme Court begins by examining the statutory language, giving the words their usual and ordinary meaning.

[3] Statutes 361 184

361 Statutes

361VI Construction and Operation
361VI(A) General Rules of Construction
361k180 Intention of Legislature
361k184 k. Policy and Purpose of Act.

Most Cited Cases

Statutes 361 190

361 Statutes

361VI Construction and Operation
361VI(A) General Rules of Construction
361k187 Meaning of Language
361k190 k. Existence of Ambiguity.

Most Cited Cases

Statutes 361 217.4

361 Statutes361VI Construction and Operation361VI(A) General Rules of Construction361k213 Extrinsic Aids to Construction361k217.4 k. Legislative History inGeneral. Most Cited Cases

If there is no ambiguity in statutory language, then the Supreme Court presumes the lawmakers meant what they said, and the plain meaning of the language governs; if, however, the statutory terms are ambiguous, then it may resort to extrinsic sources, including the ostensible objects to be achieved and the legislative history, in construing the statute.

[4] Statutes 361 ⚡181(2)361 Statutes361VI Construction and Operation361VI(A) General Rules of Construction361k180 Intention of Legislature361k181 In General361k181(2) k. Effect andConsequences. Most Cited CasesStatutes 361 ⚡184361 Statutes361VI Construction and Operation361VI(A) General Rules of Construction361k180 Intention of Legislature361k184 k. Policy and Purpose of Act.Most Cited Cases

When statutory terms are ambiguous, the Supreme Court selects the construction that comports most closely with the apparent intent of the Legislature, with a view to promoting rather than defeating the general purpose of the statute, and avoids an interpretation that would lead to absurd consequences.

[5] Statutes 361 ⚡325361 Statutes361IX Initiative

361k325 k. Constructions, Operation and Effect of Initiated Acts. Most Cited Cases

The rules of statutory construction apply equally in construing statutes enacted through the initiative process.

[6] Automobiles 48A ⚡31348A Automobiles

48AVI Injuries from Defects or Obstructions in Highways and Other Public Places

48AVI(B) Actions48Ak313 k. Damages. Most Cited Cases

Injured motorcyclist's action against city and county, alleging overgrown vegetation near intersection where collision occurred was a nuisance and a dangerous condition of public property, sought to recover damages "arising out of the operation or use" of the motorcycle, and thus, statute limiting recovery for injured owners of uninsured vehicles precluded motorcyclist, whose motorcycle was uninsured, from recovering noneconomic damages against city and county. West's Ann.Cal.Civ.Code § 3333.4.

[7] Automobiles 48A ⚡144.1(4)48A Automobiles

48AIV License and Regulation of Chauffeurs or Operators

48Ak144 Suspension or Revocation of License

48Ak144.1 In General; Grounds48Ak144.1(4) k. FinancialResponsibility Requirements. Most Cited Cases

Primary purpose of statute, requiring owners and operators of motor vehicles to be "financially responsible" for any bodily injury or property damage that they may cause, is to assure compensation for persons who have suffered injury or damage of this sort; the financial responsibility law is intended to ensure that the victims of negligent drivers are compensated not only for bodily injury and property damage occasioned by accidents occurring on public streets and highways, but also for vehicular accidents resulting in damage to vehicles, buildings, or other property located on public and private property off the streets and highways.

[8] Automobiles 48A ⚡31348A Automobiles

48AVI Injuries from Defects or Obstructions in Highways and Other Public Places

48AVI(B) Actions48Ak313 k. Damages. Most Cited Cases

Statute limiting recovery for injured owners of uninsured vehicles involved in vehicular accidents

restricts an uninsured motorist's ability to recover noneconomic damages in actions against local public entities alleging nuisance and dangerous condition of property. West's Ann.Cal.Civ.Code § 3333.4.

[9] Statutes 361 320

361 Statutes

361IX Initiative

361k320 k. Ballot Title, Description of Proposed Act, Arguments Pro and Con. Most Cited Cases

Ballot arguments on initiative propositions are not legal briefs and are not expected to cite every case the proposition may affect.

[10] Automobiles 48A 249.4

48A Automobiles

48AV Injuries from Operation, or Use of Highway

48AV(B) Actions

48Ak249 Damages

48Ak249.4 k. Restrictions on Uninsured or Underinsured Motorists. Most Cited Cases

(Formerly 48Ak249)

Insurance costs, whether automobile-related or otherwise, do not necessarily have to be affected for statute, limiting recovery for injured owners of uninsured vehicles involved in vehicular accidents, to apply. West's Ann.Cal.Civ.Code § 3333.4.

***458 *270 **1197 Law Offices of Wayne McClean, Wayne McClean; Evan D. Marshall; Law Offices of J. Russell Brown, Jr., and Kevin Campbell, Los Angeles, for Plaintiff and Appellant. Miles, Sears & Eanni, Richard C. Watters, Fairfield, William J. Seiler, Fresno, and Douglas L. Gordon for Michael G. Waski and Eileen Waski as Amici Curiae on behalf of Plaintiff and Appellant.

Law Offices of Michael J. Piuze, Michael J. Piuze and John Keiser, Los Angeles, for Consumer Attorneys as Amicus Curiae on behalf of Plaintiff and Appellant.

Greines, Martin, Stein & Richland, Kent L. Richland, Dana Gardner Adelstein, Beverly Hills; Rinos, Shephard & Martin and Dimitrios C. Rinos for Defendant and Respondent City of Fontana.

Alan K. Marks, County Counsel, and Dennis E. Wagner, Deputy County Counsel, for Defendant and

Respondent County of San Bernardino.

*271 Law Offices of Carpenter & Rothans, Louis R. Dumont, Marc P. Miles; Ronald R. Ball, City Attorney (Carlsbad); John L. Cook, City Attorney (Indian Wells); Dave **1198 Larsen, Town Attorney (Loomis); William B. Conners, City Attorney (Monterey); Daniel J. McHugh, City Attorney (Redlands); Gregory P. Priamos, Deputy City Attorney (Riverside); Samuel L. Jackson, City Attorney (Sacramento); Jeffrey G. Jorgensen, City Attorney (San Luis Obispo); Phillip H. Romney, City Attorney (Santa Paula); Debra E. Corbett, City Attorney (Tracy); and Paul M. Valle-Riestra, Assistant City Attorney (Walnut ***459 Creek) for California State Association of Counties and 13 California Cities as Amici Curiae on behalf of Defendants and Respondents.

BAXTER, J.

Section 3333.4 of the Civil Code (all further statutory references are to this code unless otherwise indicated) limits the ability of uninsured motorists and convicted drunk drivers to recover losses suffered in certain accidents. The question presented is whether the statute precludes an uninsured motorcyclist injured in a vehicular accident from recovering an award of noneconomic damages against a county and a municipality in an action for nuisance and dangerous condition of public property. Application of settled statutory construction principles leads us to conclude the answer is yes.

FACTUAL AND PROCEDURAL BACKGROUND

Russell Glen Day was driving his motorcycle when a car driven by William Honda struck him in an intersection. Day then filed this action against Honda, Irving Schwartz (the owner of the property adjacent to the intersection), the County of San Bernardino (the County), and the City of Fontana (the City). As against the public entity defendants, plaintiff alleged two theories of recovery. In his cause of action for dangerous condition of public property, plaintiff alleged that the County and the City created or had actual or constructive notice of overgrown vegetation on public and private property surrounding the intersection, and that such vegetation created a vision obstruction for motorists traveling through the intersection. In his nuisance cause of action, plaintiff alleged that the public entities maintained a nuisance

on their property by failing to correct, remove, reduce, or warn of the vision obstruction caused by the overgrown vegetation.

At the time of the accident, plaintiff did not have liability insurance on his motorcycle as required by state law. Discovery of that fact prompted the *272 County and the City to file a motion to exclude from trial any evidence of damages for pain and suffering. The trial court granted the motion, finding plaintiff's action subject to the restrictions of section 3333.4.

Plaintiff dismissed his action against Schwartz prior to trial. At trial, a jury determined that plaintiff was not at fault in the accident. The jury awarded him \$454,574.21 in economic damages and allocated responsibility for those damages between Honda (52 percent), the County (5 percent), and the City (43 percent). The trial court entered judgment accordingly.

The Court of Appeal affirmed, rejecting plaintiff's arguments that section 3333.4 is inapplicable to actions for nuisance and dangerous condition of public property, that the statute is unconstitutional, and that retroactive application of the statute to his case violated due process. We granted plaintiff's petition for review, limiting our review to the first issue noted.

DISCUSSION

Does section 3333.4 restrict an uninsured driver's recovery of noneconomic damages against local public entities in an action for nuisance and dangerous condition of property? The issue is one of statutory construction.

[1][2][3][4][5] Our fundamental task in construing a statute is to ascertain the intent of the lawmakers so as to effectuate the purpose of the statute. (*Torres v. Automobile Club of So. California* (1997) 15 Cal.4th 771, 777, 63 Cal.Rptr.2d 859, 937 P.2d 290.) We begin by **1199 examining the statutory language, giving the words their usual and ordinary meaning. (*People v. Lawrence* (2000) 24 Cal.4th 219, 230, 99 Cal.Rptr.2d 570, 6 P.3d 228.) If there is no ambiguity, then we presume the lawmakers meant what they said, and the plain meaning of the language governs. (*Id.* at pp. 230-231, 99 Cal.Rptr.2d 570, 6 P.3d 228; ***460*People v. Coronado* (1995) 12

Cal.4th 145, 151, 48 Cal.Rptr.2d 77, 906 P.2d 1232.)

If, however, the statutory terms are ambiguous, then we may resort to extrinsic sources, including the ostensible objects to be achieved and the legislative history. (*People v. Coronado, supra*, 12 Cal.4th at p. 151, 48 Cal.Rptr.2d 77, 906 P.2d 1232.) In such circumstances, we " 'select the construction that comports most closely with the apparent intent of the Legislature, with a view to promoting rather than defeating the general purpose of the statute, and avoid an interpretation that would lead to absurd consequences.' [Citation.]" (*Ibid.*; see *Escobedo v. Estate of Snider* (1997) 14 Cal.4th 1214, 1223, 60 Cal.Rptr.2d 722, 930 P.2d 979.) These rules apply equally in construing statutes enacted through the initiative process. (*Horwich v. Superior Court* (1999) 21 Cal.4th 272, 276, 87 Cal.Rptr.2d 222, 980 P.2d 927.)

*273 As relevant here, section 3333.4 provides: "(a) Except as provided in subdivision (c) [dealing with convicted drunk drivers], in any action to recover damages arising out of the operation or use of a motor vehicle, a person shall not recover non-economic losses to compensate for pain, suffering, inconvenience, physical impairment, disfigurement, and other nonpecuniary damages if any of the following applies: [¶] ... [¶] (2) The injured person was the owner of a vehicle involved in the accident and the vehicle was not insured as required by the financial responsibility laws of this state." ^{FN1}

^{FN1} Section 3333.4 also bars recovery of noneconomic losses if the injured person was driving under the influence of drugs or alcohol at the time of the accident and was convicted of that offense (*id.*, subd. (a)(1)) or if the injured person was the operator of a vehicle involved in the accident and cannot establish his or her financial responsibility as required by state law (*id.*, subd. (a)(3)). The statute provides an exception whereby the owner of an uninsured vehicle may recover noneconomic losses if he or she was injured by a motorist who was driving under the influence of drugs or alcohol and was convicted of that offense. (*Id.*, subd. (c).)

We have construed section 3333.4 twice in the recent past. In *Horwich v. Superior Court, supra*, 21 Cal.4th 272, 87 Cal.Rptr.2d 222, 980 P.2d 927, we held the

statute did not preclude recovery of damages for loss of care, comfort, and society by a wrongful death plaintiff whose decedent was the uninsured operator of a motor vehicle involved in an accident. In Hodges v. Superior Court (1999) 21 Cal.4th 109, 86 Cal.Rptr.2d 884, 980 P.2d 433 (Hodges), we found it did not limit recovery by an uninsured motorist in a products liability action against a car manufacturer. In both instances, we found the relevant statutory language was "not pellucid" with respect to the particular factual circumstances. (Horwich v. Superior Court, supra, 21 Cal.4th at p. 277, 87 Cal.Rptr.2d 222, 980 P.2d 927; Hodges, supra, 21 Cal.4th at p. 113, 86 Cal.Rptr.2d 884, 980 P.2d 433.)

That is, in Horwich v. Superior Court, supra, 21 Cal.4th 272, 87 Cal.Rptr.2d 222, 980 P.2d 927, recovery of noneconomic damages was sought by "a person" who was not the uninsured owner or operator of the vehicle involved in an accident. And in Hodges, supra, 21 Cal.4th 109, 86 Cal.Rptr.2d 884, 980 P.2d 433, there was no necessary connection between the plaintiff's injury and "the operation or use" of the vehicle. We therefore considered the Legislative Analyst's analysis and other legislative history materials for clues as to the statute's intended goals and then construed the language to give effect to the apparent intent of the lawmakers.

[6] In contrast to the factual scenarios presented in those previous decisions, the instant action against the public entity defendants appears to fall squarely within the terms of section 3333.4. First, plaintiff was the owner of an uninsured motorcycle. (§ 3333.4, subd. (a)(2).) Second, plaintiff's action for nuisance and dangerous condition of public property seeks "to recover damages arising out of the operation or use of [that] motor vehicle." (*Id.*, subd. (a).) On this last **1200 point, we note the facts ***461 here are neither *274 parallel nor analogous to those giving rise to the perceived ambiguity in Hodges, supra, 21 Cal.4th 109, 86 Cal.Rptr.2d 884, 980 P.2d 433, for here there was a necessary and causal relationship between the plaintiff's operation of his motorcycle and the accident for which he claimed the public entities were responsible. Since section 3333.4 contains no exception for suits against public entities,^{FN2} plaintiff appears statutorily barred from recovering noneconomic damages against the County and the City.

FN2. Although section 3333.4 does not

specifically state that it applies in actions against public entities, it explicitly restricts the right of uninsured motorists and convicted drunk drivers to recover noneconomic damages "in any action to recover damages arising out of the operation or use of a motor vehicle" (§ 3333.4, subd. (a), italics added), subject to only one exception that is not implicated here (*id.*, subd. (c) [owners of uninsured vehicles who are injured by drunk drivers]). The ballot materials accompanying Proposition 213 also discussed the point. Notably, the Legislative Analyst informed voters in its analysis that "[u]nder existing law, someone who has suffered an injury in a car accident may sue the person, business, or government at fault for the injury in order to recover related losses." (Ballot Pamp., Gen. Elec. (Nov. 5, 1996) analysis of Prop. 213 by Legis. Analyst, p. 49.) After explaining to voters that the proposition would restrict the ability of uninsured motorists and convicted drunk drivers to sue for noneconomic losses such as pain and suffering that resulted from car accidents, the Legislative Analyst opined that such restrictions would "result in fewer lawsuits filed against state and local governments." (*Ibid.*) The analysis also projected "there would be an unknown savings to state and local governments as a result of avoiding these lawsuits." (*Ibid.*)

Although we might well stop here since the facts do not appear to raise any ambiguity or uncertainty as to the statute's application, we shall, "in an abundance of caution, ... test our construction against those extrinsic aids that bear on the enactors' intent." (Powers v. City of Richmond (1995) 10 Cal.4th 85, 93, 40 Cal.Rptr.2d 839, 893 P.2d 1160.) As we shall demonstrate, the legislative history materials reinforce our conclusion that the statute applies to plaintiff's action.

Section 3333.4 was enacted through passage of Proposition 213 in the November 5, 1996 General Election. Denominated and publicized as The Personal Responsibility Act of 1996, Proposition 213 sought to restrict the ability of uninsured motorists, convicted drunk drivers and convicted felons to sue for losses suffered in accidents. Because it bears

directly on the issue of legislative intent, we review the proposition's "Findings and Declaration of Purpose." That declaration states in full:

"(a) Insurance costs have skyrocketed for those Californians who have taken responsibility for their actions. Uninsured motorists, drunk drivers, and criminal felons are law breakers, and should not be rewarded for their irresponsibility and law breaking. However, under current laws, uninsured motorists and drunk drivers are able to recover unreasonable damages from law-abiding citizens as a result of drunk driving and other accidents, and *275 criminals have been able to recover damages from law-abiding citizens for injuries suffered during the commission of their crimes.

"(b) Californians must change the system that rewards individuals who fail to take essential personal responsibility to prevent them from seeking unreasonable damages or from suing law-abiding citizens.

"(c) Therefore, the People of the State of California do hereby enact this measure to restore balance to our justice system by limiting the right to sue of criminals, drunk drivers, and uninsured motorists." (Ballot Pamp., Gen. Elec., *supra*, text of Prop. 213, § 2, p. 102 (Ballot Pamphlet).)

In proposing to deny recovery of noneconomic losses to injured motor vehicle owners or drivers who operate or use vehicles that are "not insured as required by the financial responsibility laws of this state" (§ 3333.4, subd. (a)(2) & (3)), Proposition 213 sought to "restore balance to our ***462 justice system" by ensuring that those "who fail to take essential personal responsibility" would "not be rewarded for their irresponsibility and law breaking" (Ballot Pamp., *supra*, text of Prop. 213, § 2, p. 102). Mindful of the express terms of section 3333.4, we now examine **1201 whether the statute's application in actions such as the instant one would undermine the initiative's declared purpose or otherwise lead to absurd results.

[7] It is beyond dispute that the financial responsibility law requires owners and operators of motor vehicles "to be 'financially responsible' (usually by means of insurance) for any' bodily injury or property damage that they may cause.

[Citation.] Its purpose-at least its *primary* purpose-is to assure compensation for persons who have suffered injury or damage of this sort. [Citations.]" (*Mercury Ins. Group v. Superior Court* (1998) 19 Cal.4th 332, 341, 79 Cal.Rptr.2d 308, 965 P.2d 1178.) Stated another way, the financial responsibility law is intended to ensure that the victims of negligent drivers are compensated not only for bodily injury and property damage occasioned by accidents occurring on public streets and highways, but also for vehicular accidents resulting in "damage to 'vehicles, buildings, or other property located on public and private property off the streets and highways.'" (*Campbell v. Zolin* (1995) 33 Cal.App.4th 489, 496, 39 Cal.Rptr.2d 348, quoting Stats.1989, ch. 808, § 1, p. 2675, italics omitted.)

Public entities, many of which provide the transportation infrastructure for the motoring public, are among those directly affected by motorists who violate the financial responsibility law. For example, when an uninsured driver causes damage to roadways or to other public property on or adjacent to the roadways, including traffic signs, directional signs, traffic signals, *276 street lights, median strips, and landscaping, the public entity suffers a direct harm and public safety may sometimes be placed at risk until repairs to the property are made. In such situations, the public entity generally is left to bear the entire cost of the repairs necessitated by the uninsured tortfeasor's acts and financial irresponsibility.

Violators of the financial responsibility law also detrimentally affect the interests of public entities in a more indirect way. When the negligence of an uninsured driver and the dangerous condition of public property combine to jointly cause injury to an insured driver, both tortfeasors are jointly and severally liable for all economic damages awarded to the insured driver. (See *Buttram v. Owens-Corning Fiberglas Corp.* (1997) 16 Cal.4th 520, 527, 66 Cal.Rptr.2d 438, 941 P.2d 71.) Typically, however, the public entity's right of contribution (Code Civ. Proc., § 875) from the uninsured tortfeasor is meaningless because the tortfeasor is judgment proof. In such circumstances, the public entity ends up paying all of the insured driver's economic damages while the uninsured driver pays nothing.

In light of the foregoing, we are confident that our

construction of section 3333.4 promotes, rather than defeats, its general purpose. (*People v. Coronado*, supra, 12 Cal.4th at p. 151, 48 Cal.Rptr.2d 77, 906 P.2d 1232.) By reading section 3333.4 as including within its scope actions such as the instant one, public entities are relieved of any liability for an uninsured driver's noneconomic losses but would remain legally responsible to pay for any economic losses. This construction advances Proposition 213's declared purpose to "change the system that rewards individuals who fail to take essential personal responsibility" and to "restore balance to our justice system." (Ballot Pamp., supra, text of Prop. 213, § 2, subds. (b), (c), p. 102.) Moreover, in no way does it lead to absurd results.

Conversely, were we to construe the statute as being inapplicable in an action against a public entity based upon property-related theories of liability such as nuisance and dangerous condition of property, such an entity would remain legally responsible***463 to compensate an uninsured driver for both economic and noneconomic losses arising out of vehicular accidents involving its property, while the uninsured driver could continue avoiding *any* responsibility for his or her fault in damaging such property and injuring third parties. Such a construction would appear to perpetuate a system of one-sided recovery favoring the uninsured driver at the expense of the law-abiding entity, thus undermining **1202 the initiative's goal to prevent such drivers from being "rewarded for their irresponsibility and law breaking." (Ballot Pamp., supra, text of Prop. 213, § 2, subd. (a), p. 102.)

[8] Accordingly, section 3333.4 is properly construed as restricting an uninsured motorist's ability to recover noneconomic damages in actions against *277 public entities alleging nuisance and dangerous condition of property. Not only does the language of section 3333.4, subdivision (a), encompass such actions within its literal scope ("any action to recover damages arising out of the operation or use of a motor vehicle"), but construing the statute to have such application comports most closely with the initiative's declared intent to "restore balance to our justice system" by barring people who "fail to take essential personal responsibility" from "seeking unreasonable damages or from suing law-abiding citizens." (Ballot Pamp., supra, text of Prop. 213, § 2, subds. (b), (c), p. 102.) Neither the language nor

the purpose of the statute provides a basis for implying a statutory exemption that would preserve a system whereby uninsured drivers may recover *fully* for losses caused by public road and roadside conditions while at the same time evading financial responsibility for their own negligence in damaging public roadways and improvements ^{FN3} and injuring third persons.

FN3. Amicus curiae Consumer Attorneys of California suggests that section 3333.4 is not needed to achieve balance or fairness where a negligent uninsured motorist causes damage to property belonging to a public entity because the entity is allowed a setoff therefor against any judgment obtained by the uninsured motorist. As defendants point out, however, setoffs generally offer no protection to a public entity unless both sides share liability for an accident that results in losses to them both. Furthermore, setoffs appear to fall short of the "balance" contemplated by Proposition 213 because they are also available in actions clearly subject to section 3333.4, e.g., actions by negligent uninsured motorists against negligent insured motorists.

Although plaintiff generally agrees that section 3333.4 may apply in actions against public entities, he maintains the statute is intended to inure solely to the benefit of individuals and entities whose automobile insurance policies are implicated in the lawsuit. Under this view, recovery against a public entity is not statutorily restricted unless its liability stems from a public employee's or agent's operation of a motor vehicle. To support this narrower construction of the statute, plaintiff relies upon subdivision (b) of section 3333.4, the ballot arguments accompanying Proposition 213, and *Hodges*, supra, 21 Cal.4th 109, 86 Cal.Rptr.2d 884, 980 P.2d 433. We are not convinced.

As relevant here, subdivision (b) of section 3333.4 states that "an insurer shall not be liable, directly or indirectly, under a policy of liability or uninsured motorist insurance to indemnify for non-economic losses" of an injured uninsured motorist. According to plaintiff, one may reasonably infer that section 3333.4 applies solely to actions involving accidents between motorists because subdivision (b) purports

to curtail only the liability of a defendant's automobile insurer, not any other type of insurer. Plaintiff is wrong.

On its face, the statutory subdivision expressly refers to an insurer that might otherwise be liable for indemnification of noneconomic losses under *278 "a policy of liability or uninsured motorist insurance." (§ 3333.4, subd. (b), italics added.) Although a policy of liability insurance may be embraced within an automobile insurance policy (see Black's Law Dict. (4th ***464 ed.1951) p. 943 [definition of "Insurance," "Automobile insurance" classification]), liability insurance policies are often issued to cover the liability of nonmotorists and are not associated exclusively with automobile insurance.^{FN4} If anything, the fact that section 3333.4, subdivision (b), employs the **1203 term "liability" insurance, instead of a more qualified term such as "automobile" insurance or "automobile liability" insurance, undercuts the notion that the statute pertains solely to accidents between insured and uninsured motorists.

^{FN4} The fourth edition of Black's Law Dictionary lists liability insurance and automobile insurance as two distinct classifications of insurance. (See Black's Law Dict., *supra*, at pp. 943, 944.) With regard to the former, the law dictionary states: "Liability insurance is that form of insurance which indemnifies against liability on account of injuries to the person or property of another. It is distinguished from 'indemnity insurance' (see that title, *supra*), and may be issued to cover the liability of, for example, carriers, contractors, employers, landlords, manufacturers, owners, and railroads. Liability insurance may extend to automobiles, elevators, fly wheels, libel, theaters, and vessels. [Citation.]" (*Id.* at p. 944 ["Liability insurance"]; see also Black's Law Dict. (7th ed.1999) pp. 803 ["automobile insurance"], 806 ["liability insurance"]; Webster's New Internat. Dict. (3d ed.1981) p. 1302 [defining "liability insurance" as "insurance against loss resulting from liability for injury or damage to the persons or property of others"]; *id.* at p. 148 [defining "automobile liability insurance" more specifically as

"insurance against loss from or legal liability for damages arising out of ownership, maintenance, or operation of a motor vehicle" and "automobile insurance" as "insurance against loss arising from destruction of or damage to an insured motor vehicle"]; Ins.Code, § 108 [defining "[l]iability insurance" generally and without limiting the term to insurance against losses caused by motor vehicles].)

Plaintiff next relies on the fact that the ballot arguments accompanying Proposition 213 make reference to stopping uninsured motorists from going after "big" noneconomic damages awards "*when these lawbreakers are in an accident with an insured driver.*" (Ballot Pam., *supra*, rebuttal to argument against Prop. 213, p. 51, original italics; see also *id.*, Brief Summary of the Measures, p. 7 ["A yes vote on this measure means: ... uninsured motorists involved in collisions ... would be prohibited from recovering 'pain and suffering' awards from insured drivers"].)

[9] The ballot arguments do not compel plaintiff's construction of the statute. Such arguments, of course, "are not legal briefs and are not expected to cite every case the proposition may affect." (*Santa Clara County Local Transportation Authority v. Guardino* (1995) 11 Cal.4th 220, 237, 45 Cal.Rptr.2d 207, 902 P.2d 225; see also *Delaney v. Superior Court* (1990) 50 Cal.3d 785, 802-803, 268 Cal.Rptr. 753, 789 P.2d 934 ["The most reasonable inference is that the proponents chose to emphasize (in the limited space available for ballot arguments) what they perceived as the greatest need"].) Here we may reasonably infer from the ballot arguments that a primary aim of Proposition *279 213 was to protect insured motorists and to reduce automobile insurance rates. (See *Hodges, supra*, 21 Cal.4th at p. 116, 86 Cal.Rptr.2d 884, 980 P.2d 433.) Such arguments, however, did not imply that protection of insured motorists was the initiative's sole aim; nor did they suggest that reductions in automobile insurance premiums would be the initiative's only effect. Rather, the express language and declared purpose of the enactment, as well as the ballot arguments' broader focus upon the perceived need to reform a system that had rewarded lawbreakers at the expense of responsible, law-abiding citizens,^{FN5} persuaded us that ***465 actions such as the instant **1204 one fall within a fair and objective reading of section

3333.4. (See *People ex rel. Lungren v. Superior Court* (1996) 14 Cal.4th 294, 308, 58 Cal.Rptr.2d 855, 926 P.2d 1042 [refusing to limit the scope of an initiative measure based upon the Legislative Analyst's analysis]; *Amwest Surety Ins. Co. v. Wilson* (1995) 11 Cal.4th 1243, 48 Cal.Rptr.2d 12, 906 P.2d 1112 [Proposition 103 applied to surety insurance even though the ballot materials had not specifically told voters of that application]; cf. *Calvillo-Silva v. Home Grocery* (1998) 19 Cal.4th 714, 732-733, 80 Cal.Rptr.2d 506, 968 P.2d 65 [rejecting argument that Legislature's focus on negligence principles supported a limitation of section 847's immunity provisions to negligent acts].)

FN5. In calling upon voters to "fix a system that rewards people who break the law," supporters of Proposition 213 emphasized that "people who break the law should not be rewarded, while law abiding citizens pick up the tab." (Ballot Pamp., *supra*, argument in favor of Prop. 213, p. 50, original punctuation, capitalization omitted.) Noting that "[l]aw-abiding citizens already pay higher insurance premiums to cover uninsured motorists," they argued that "[i]llegal behavior [such as driving without insurance] shouldn't be rewarded" and that "[p]eople who break the law must be held accountable for their actions." (*Ibid.*, italics omitted.) According to its supporters, the proposition would restore fairness by preventing uninsured motorists from recovering "huge monetary awards" for pain and suffering, while still allowing them "medical and out-of-pocket expenses." (*Ibid.*, italics omitted.) They also claimed the initiative would make "insurance more affordable for everyone." (*Id.*, rebuttal to argument against Prop. 213, p. 51, capitalization omitted.)

Conversely, in urging defeat of the proposition, opponents told voters that the measure was sponsored by then Insurance Commissioner Charles Quackenbush and that Quackenbush had received over \$1 million from insurance companies. (Ballot Pamp., *supra*, rebuttal to argument in favor of Prop. 213, p. 50.) They emphasized it would legalize no-fault

automobile insurance in California, despite the fact that two-thirds of California's voters had rejected a previous no-fault initiative measure earlier that year, and that insurance companies would simply boost their profits to excessive levels without corresponding insurance premium rate reductions or savings for consumers. (*Id.*, argument against Prop. 213, p. 51.) Opponents also argued that the proposition would allow "reckless drivers to avoid responsibility for their actions," that "[t]he high cost of insurance makes it impossible for many poor and working people to buy insurance," and that "it is completely unfair to deny people full compensation for a car accident that is not even their fault." (*Ibid.*)

With respect to *Hodges*, our analysis in that case specifically focused on whether section 3333.4 restricted the ability of an uninsured driver to recover against a car manufacturer in a products liability action. Although *280 we recognized the statute could perhaps be read as extending to products liability actions (see *Hodges, supra*, 21 Cal.4th at p. 118, 86 Cal.Rptr.2d 884, 980 P.2d 433), our review of the initiative measure and the accompanying ballot materials convinced us it was not intended to have such a broad reach. As we observed, "[t]he electorate wanted to ensure that uninsured motorists, who contribute nothing to the insurance pool, would be restricted in what they receive from it. This principle of fairness fueled the initiative. The right to recover fully for an injury caused by a design defect, even by an uninsured motorist, has no bearing on any principle of fairness having to do with the financial responsibility laws. It is not clear that *anyone*—either the sponsors of the measure or the voters—intended to protect from products liability claims manufacturers who do not contribute to that pool and whose other insurance rates are not affected by the existence of uninsured motorists." (*Id.* at p. 115, 86 Cal.Rptr.2d 884, 980 P.2d 433.) Neither the statutory language nor the ballot materials, we concluded, reflected any intent "to reform a system 'unfair' to law-abiding insured motorists by providing a windfall to manufacturers of defective vehicles." (*Id.* at p. 118, 86 Cal.Rptr.2d 884, 980 P.2d 433, fn. omitted.)

25 Cal.4th 268, 19 P.3d 1196, 105 Cal.Rptr.2d 457, 01 Cal. Daily Op. Serv. 2773
(Cite as: 25 Cal.4th 268, 19 P.3d 1196, 105 Cal.Rptr.2d 457)

Contrary to the assertions of both plaintiff and the dissent, our observations in *Hodges* do not support a similar conclusion here. To begin with, *Hodges* merely posited that a *primary* aim of Proposition 213 was to limit automobile insurance claims by uninsured motorists. (*Hodges, supra*, 21 Cal.4th at p. 115, 86 Cal.Rptr.2d 884, 980 P.2d 433.) Like the ballot arguments, our decision did not suggest it was the initiative's *exclusive* aim. More to the point, section 3333.4's applicability in this case flows directly from the terms of the statute, which precludes recovery of noneconomic damages "in any action ... arising***466 out of the operation or use of a motor vehicle" (*id.*, subd. (a)) if "[t]he injured person was the owner of a vehicle involved in the accident and the vehicle was not insured"(*id.*, subd. (a)(2)).

Additionally, in contrast to the situation involving automobile manufacturers, the question of whether an uninsured motorist should be allowed to recover fully for a vehicular accident caused in part by a condition of public property bears directly on a "principle of fairness having to do with the financial responsibility laws." ^{FN6} (*Hodges, supra*, 21 Cal.4th at p. 115, 86 Cal.Rptr.2d 884, 980 P.2d 433.) As noted, the financial responsibility law was enacted to ensure that victims of negligent drivers receive compensation for damage both to their persons and to their property. (*Mercury Ins. Group v. Superior Court, supra*, 19 Cal.4th at p. 341, 79 Cal.Rptr.2d 308, 965 P.2d 1178; **1205 *Campbell v. Zolin, supra*, 33 Cal.App.4th at pp. 495-496, 39 Cal.Rptr.2d 348.) Motorists *281 who drive in violation of that law and negligently cause damage to roadways and other public property, however, typically fail to compensate for the damage; in such circumstances, public entities wind up paying for repairs to their property while the uninsured tortfeasors escape responsibility for their actions. To pose Proposition 213's declaration of purpose as a question, should such motorists be "rewarded for their irresponsibility and law breaking" (Ballot Pamp., *supra*, text of Prop. 213, § 2, subd. (a), p. 102) when they, in turn, seek to recover for injuries caused by conditions of public property? The answer we discern is no. Nothing in the language of the initiative or in the ballot materials indicates that the electorate intended to forgo "balance" (*ibid.*) for public entities whose interests are placed directly at risk by motorists who fail to comply with the financial responsibility law.

FN6. *Hodges* specifically refrained from addressing section 3333.4's application in actions "against state and local governments, e.g., for defective road design," for the reason that "such matters may implicate concerns distinct from products liability actions against automobile manufacturers." (*Hodges, supra*, 21 Cal.4th at p. 116, fn. 5, 86 Cal.Rptr.2d 884, 980 P.2d 433.)

[10] As plaintiff correctly notes, *Hodges* observed that neither Proposition 213's sponsors nor the voters intended to protect from products liability claims manufacturers whose insurance rates are "not affected by the existence of uninsured motorists." (*Hodges, supra*, 21 Cal.4th at p. 115, 86 Cal.Rptr.2d 884, 980 P.2d 433.) Contrary to plaintiff's suggestion, however, that observation should not be read to suggest that insurance costs, whether automobile-related or otherwise, must necessarily be affected for section 3333.4 to apply.

Section 3333.4, of course, makes no mention of insurance costs as a consideration in its application in an action. It does, however, clearly limit recovery to injured persons whose vehicles are "not insured as required by the financial responsibility laws of this state." (§ 3333.4, subd. (a)(2).) While *Hodges* placed emphasis on the absence of any effect on the particular defendant's insurance costs, it must be remembered that the defendant there, in its capacity as a car manufacturer, faced no potential of direct harm to itself or its property from uninsured drivers who failed to comply with the state financial responsibility law. In that case, the consideration that car manufacturers also had no insurance rates affected by the existence of uninsured motorists was significant to our conclusion that manufacturers of defective cars were not among those whom the initiative was intended to protect. ^{FN7} Here, however, the situation is otherwise***467 and the public entity defendants are being sued in a capacity that directly implicates a "principle *282 of fairness having to do with the financial responsibility laws." (*Hodges, supra*, 21 Cal.4th at p. 115, 86 Cal.Rptr.2d 884, 980 P.2d 433.) In circumstances such as these, insurance cost considerations provide no basis for negating section 3333.4's application.

FN7. As discussed, a portion of the ballot

arguments told voters that "[l]aw-abiding citizens already pay higher insurance premiums to cover uninsured motorists" (Ballot Pamp., *supra*, argument in favor of Prop. 213, p. 50) and that Proposition 213 would benefit consumers "by making insurance more affordable for everyone" (Ballot Pamp., *supra*, rebuttal to argument against Prop. 213, p. 51, capitalization omitted).

Although the initiative's declaration of purpose included a finding that "[i]nsurance costs have skyrocketed for those Californians who have taken responsibility for their actions" (Ballot Pamp., *supra*, text of Prop. 213, § 2, subd. (a), p. 102), it makes little sense to read that finding as limiting the protective scope of the initiative. Were we to view that finding as restricting the initiative's application, we would be compelled to conclude that both section 3333.4 and section 3333.3 (another statute enacted through passage of Proposition 213) would apply only in actions against "Californians" (and perhaps "citizens") and in actions where insurance costs previously had "skyrocketed" due to the conduct at issue.

Finally, plaintiff argues the legislative materials "reflect no intent to overturn well-established legal policies governing liability for dangerous real property or for nuisances interfering with safe use of public roads." He also claims there is no indication that Proposition 213 was intended to alter the special statutory scheme governing liability for dangerous condition of public property (Gov. Code, §§ 830, 835), or other public liability not based on a defendant's negligent operation of a vehicle. We disagree.

By approving The Personal Responsibility Act of 1996, the voters expressed their collective intent to legislatively overturn existing **1206 law and policy determinations regarding the right of motorists to recover noneconomic damages arising out of their operation or use of uninsured motor vehicles. (§ 3333.4, subd. (a).) As discussed, it is of no consequence here that the ballot materials did not

specifically refer to the act's application in actions against local public entities for nuisance and dangerous condition of property. Such actions fall squarely within the terms of section 3333.4, and the statute's operation in such cases promotes rather than defeats the declared purpose of Proposition 213 to restore balance to the justice system with respect to violators of the financial responsibility law. No more was required.^{FN8}

^{FN8}. Plaintiff additionally argues that section 3333.4 is inapplicable in premises liability actions against private property owners and that application of section 3333.4 in actions such as this would impermissibly exempt public entities from liability for noneconomic damages in circumstances where a private property owner would be liable. Because the instant action does not involve the liability of a private property owner, we need not and do not address such arguments or the possibility that other concerns may justify a different result in the case of such owners.

DISPOSITION

Both the language and the intended purpose of section 3333.4 support a construction that precludes uninsured drivers from recovering noneconomic damages in actions against local public entities for nuisance and dangerous condition of property. We therefore affirm the judgment of the Court of Appeal.

GEORGE, C.J., WERDEGAR, J., CHIN, J., and BROWN, J., concur.

*283 Dissenting Opinion by MOSK, J.

I dissent.

The majority broadly extend the scope of Civil Code section 3333.4, which limits automobile insurance claims by uninsured motorists, to this claim *not against an insured driver* but against public entities responsible for failing to safely maintain a public roadway. I disagree. The voters who passed Proposition 213, thereby enacting Civil Code section 3333.4, did not intend to limit damages for injuries to motorists based on a dangerous condition of property or nuisance.

As we emphasized in Hodges v. Superior Court

(1999) 21 Cal.4th 109, 114, 86 Cal.Rptr.2d 884, 980 P.2d 433: "In the case of ***468 a voters' initiative statute ... we may not properly interpret the measure in a way that the electorate did not contemplate: the voters should get what they enacted, not more and not less." Consistent with the purpose of Proposition 213, Russell Glen Day, whose motorcycle was hit by a car because the City of Fontana and County of San Bernardino (hereafter the city and county) failed to correct or warn of an obstruction blocking the motorists' view in a public intersection, should be permitted to seek recovery of damages against the city and county for noneconomic as well as economic damages.

I

In September 1991, Day, then 19 years old, suffered devastating injuries when his motorcycle was struck by a car in an intersection; the accident was the result of the configuration of the intersection and obstructions seriously limiting visibility. The motorcycle was not insured. Day commenced this action in August 1992, including a claim against the city and county for a dangerous condition of public property and nuisance.

Although the case was classified as a fast track action, it was not called for trial until May 1997; by then, Civil Code section 3333.4, enacted as part of The Personal Responsibility Act of 1996, had gone into effect. The city and county successfully moved to exclude all evidence or recovery of noneconomic damages under the provision. The jury found no fault on the part of Day, allocating responsibility for the accident about equally between the driver of the car and the city and county. The court entered a judgment for economic damages only, which the Court of Appeal affirmed.

II

Civil Code section 3333.4 provides, in relevant part: "[I]n any action to recover damages **1207 arising out of the operation or use of a motor vehicle, a *284 person shall not recover non-economic losses to compensate for pain, suffering, inconvenience, physical impairment, disfigurement, and other nonpecuniary damages if ... [¶] ... [¶] ... [t]he injured person was the operator of a vehicle involved in the accident and the operator can not establish his or her

financial responsibility, as required by the financial responsibility laws of this state." (*Id.*, subd. (a)(3).)

In *Hodges v. Superior Court*, *supra*, 21 Cal.4th 109, 86 Cal.Rptr.2d 884, 980 P.2d 433, we looked beyond the literal words of the provision, which we concluded were "not pellucid" (*id.* at p. 113, 86 Cal.Rptr.2d 884, 980 P.2d 433; see also *id.* at p. 119, 86 Cal.Rptr.2d 884, 980 P.2d 433 (conc. opn. of Werdegarr, J.) [referring to "this poorly drafted, ambiguous statute"]), to discern the voters' purpose, as indicated in the ballot arguments and elsewhere. We explained: "It seems clear that a primary aim of Proposition 213 ... was to limit *automobile insurance claims* by uninsured motorists. The electorate wanted to ensure that uninsured motorists, who contribute nothing to the insurance pool, would be restricted in what they receive from it. This principle of fairness fueled the initiative.... [¶] Proposition 213's statement of legislative purpose supports this view, identifying the principal intended beneficiaries of the measure as Californians who obey the financial responsibility laws." (*Id.* at p. 115, 86 Cal.Rptr.2d 884, 980 P.2d 433.) The ballot materials for the measure specify the purpose of " 'restor[ing] balance to our justice system.' " (*Ibid.*) As *Hodges* made clear: "With regard to uninsured motorists, the 'system' in need of change in order to 'restore balance to our justice system' is the one that permits those who do not contribute to the insurance pool and thereby drive up the costs of premiums for automobile insurance to reap the benefits of coverage paid for by law-abiding motorists.... Moreover, use of the words 'Californians' and 'law-abiding citizens' indicates that the initiative was aimed principally at providing***469 balance for those who obey the financial responsibility laws...." (*Ibid.*)

Hodges concluded that Proposition 213 "was primarily intended to limit awards against insured drivers." (*Hodges v. Superior Court*, *supra*, 21 Cal.4th at p. 116, 86 Cal.Rptr.2d 884, 980 P.2d 433.)

Thus, the ballot arguments, "considered as a whole, ... indicate that voters were being urged to distinguish between law-abiding motorists who pay for liability insurance, on the one hand, and law-breaking uninsured motorists who refuse to pay for such insurance on the other. By limiting the amount of damages available to uninsured motorists, the law-abiding motorists would receive some savings in the form of reduced premiums. The arguments for and

against the measure refer principally to remedying an imbalance in the justice system that resulted in unfairness when an accident occurred *between two motorists*-one insured and the other not." (*Ibid.*) The stated purposes of the statute of "punishing illegal behavior and encouraging personal responsibility are emphatically directed at 'reform[ing] an unfair *285 system' with respect to law-abiding drivers who 'pick up the tab'-i.e., those who 'play by the rules' and 'take personal responsibility' [citation] but have been required to 'pay additional premiums to protect themselves from uninsured drivers.'" (*Id.* at p. 117, 86 Cal.Rptr.2d 884, 980 P.2d 433.)

We thus determined in *Hodges* that Civil Code section 3333.4 was intended to resolve inequities involving the allocation of costs *between motorists who carry automobile liability insurance and motorists who do not*. The former-scofflaw uninsured motorists-are held accountable as both a punishment and incentive; the latter-motorists who obey the financial responsibility laws-are the beneficiaries. We found nothing in the ballot materials suggesting "that such punishment or incentive was also intended-or should be permitted-to benefit" other defendants "not reasonably included among 'those who play by the rules' or 'take personal responsibility' or 'pick up the tab' for the 'skyrocket[ing]' costs of automobile insurance."

****1208**(*Hodges v. Superior Court, supra*, 21 Cal.4th at p. 117, 86 Cal.Rptr.2d 884, 980 P.2d 433.)

Hodges itself involved a products liability claim against the manufacturer of the car. In the absence of a clear expression of voter intent, we declined to adopt "a broad literal interpretation of the initiative" that would limit damages in such a claim, emphasizing that to do so would raise " 'substantial policy concerns.' " (*Id.* at p. 118, 86 Cal.Rptr.2d 884, 980 P.2d 433.)

In my view, it follows ineluctably from our analysis in *Hodges* that the liability at issue in this case-based on the dangerous condition of public property and nuisance-does not fall within the purview of Civil Code section 3333.4. The city and county, which failed to maintain safe roadways and which did not contribute to the relevant insurance pool, are not reasonably numbered among those who "play by the rules" or "take personal responsibility" or "pick up the tab" for skyrocketing automobile insurance costs.

When a claim for injury is based on a defective or dangerous condition of property, as opposed to negligence by an insured driver, applying the statute does nothing to advance the voters' intent under Proposition 213. The ballot materials do not indicate that Proposition 213 intended to change the "system" with regard to a public entity's liability for nuisance or dangerous conditions of property-or suggest that any such change is needed.

Moreover, as in the case of the products liability claim in *Hodges*, broad literal application of the provision to this case against the city and county for failure to remedy an unsafe condition in a public intersection raises obvious and substantial policy concerns. Compensating the victims of injuries caused by unsafe design or maintenance of public streets for pain and suffering operates as a strong incentive for cities and counties to prevent or abate dangerous conditions, thus minimizing ***470 risks to the public. It also serves the *286 important social goal of compensating injured persons for damages caused by the negligent acts of public entities. The majority's broad application of Civil Code section 3333.4, by relieving cities and counties of liability for all damages caused by their negligence, will erode public policy aimed at securing the safety of *all* motorists.

Nor is there any indication in the legislative history of Proposition 213 that it was intended to alter the special statutory provisions regarding tort claims against public entities. Government Code section 835, a provision of the Tort Claims Act, expressly makes a public entity liable for injury caused by a dangerous condition of property.^{FN1} There is no mention whatever, either in Civil Code section 3333.4 or in the ballot materials regarding Proposition 213, of limiting governmental liability in dangerous condition cases. Unlike the majority, I disagree that the carefully tailored provisions of the Tort Claims Act may be modified by implication. Nor do I discern any justification for providing a windfall to the public entities responsible for failing to keep their roadways safe for motorists.

^{FN1.} Government Code section 835 provides, in pertinent part, that "a public entity is liable for injury caused by a dangerous condition of its property if the plaintiff establishes that the property was in

a dangerous condition at the time of the injury, that the injury was proximately caused by the dangerous condition, that the dangerous condition created a reasonably foreseeable risk of the kind of injury which was incurred" and the public entity "had actual or constructive notice of the dangerous condition ... and a sufficient time prior to the injury to have taken measures to protect against the dangerous condition."

For these reasons, I would reverse the judgment of the Court of Appeal.

KENNARD, J., concurs.

Cal.,2001.

Day v. City of Fontana

25 Cal.4th 268, 19 P.3d 1196, 105 Cal.Rptr.2d 457,
01 Cal. Daily Op. Serv. 2773

END OF DOCUMENT

Commission on State Mandates

Original List Date: 6/26/2003
Last Updated: 4/26/2007
List Print Date: 11/21/2008
Claim Number: 02-TC-28
Issue: Cal Grants

Mailing Information: Draft Staff Analysis

Mailing List

TO ALL PARTIES AND INTERESTED PARTIES:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.2.)

Mr. Jim Spano
State Controller's Office (B-08)
Division of Audits
300 Capitol Mall, Suite 518
Sacramento, CA 95814

Tel: (916) 323-5849
Fax: (916) 327-0832

Mr. Douglas R. Brinkley
State Center Community College District
1525 East Weldon
Fresno, CA 93704-6398

Tel: (916) 000-0000
Fax: (916) 000-0000

Mr. Joe Rombold
School Innovations & Advocacy
11130 Sun Center Drive, Suite 100
Rancho Cordova, CA 95670

Tel: (916) 669-5116
Fax: (888) 487-6441

Mr. Thomas Todd
Department of Finance (A-15)
Education Systems Unit
915 L Street, 7th Floor
Sacramento, CA 95814

Tel:
Fax:

Ms. Carla Castaneda
Department of Finance (A-15)
915 L Street, 11th Floor
Sacramento, CA 95814

Tel: (916) 445-3274
Fax: (916) 323-9584

Ms. Diana Fuentes-Michel
California Student Aid Commission
P.O. Box 419026
Rancho Cordova, CA 95741-9026

Tel: (916) 526-8271
Fax: 916-526-8033

Mr. Victor R. Collins Long Beach Community College District 4901 East Carson Street Long Beach, CA 90808	Claimant Tel: (562) 938-4397 Fax:
Mr. Paul Steenhausen Legislative Analyst's Office (B-29) 925 L Street, Suite 1000 Sacramento, CA 95814	Tel: (916) 319-8324 Fax: (916) 324-4281
Ms. Donna Ferebee Department of Finance (A-15) 915 L Street, 11th Floor Sacramento, CA 95814	Tel: (916) 445-3274 Fax: (916) 323-9584
Ms. Harmeet Barkschat Mandate Resource Services 5325 Elkhorn Blvd. #307 Sacramento, CA 95842	Tel: (916) 727-1350 Fax: (916) 727-1734
Ms. Sandy Reynolds Reynolds Consulting Group, Inc. P.O. Box 894059 Temecula, CA 92589	Tel: (951) 303-3034 Fax: (951) 303-6607
Mr. Steve Smith Steve Smith Enterprises, Inc. 2200 Sunrise Blvd., Suite 220 Gold River, CA 95670	Tel: (916) 852-8970 Fax: (916) 852-8978
Clovis Unified School District 1450 Herndon Avenue Clovis, CA 93611-0599	Tel: (559) 327-9000 Fax: (559) 327-9129
Mr. Robert Miyashiro Education Mandated Cost Network 1121 L Street, Suite 1060 Sacramento, CA 95814	Tel: (916) 446-7517 Fax: (916) 446-2011
Mr. Steve Shields Shields Consulting Group, Inc. 1536 36th Street Sacramento, CA 95816	Tel: (916) 454-7310 Fax: (916) 454-7312
Ms. Beth Hunter Centration, Inc. 8570 Utica Avenue, Suite 100 Rancho Cucamonga, CA 91730	Tel: (866) 481-2621 Fax: (866) 481-2682

Mr. Erik Skinner
California Community Colleges
Chancellor's Office (G-01)
1102 Q Street, Suite 300
Sacramento, CA 95814-6549

Tel: (916) 322-4005

Fax: (916) 323-8245

Ms. Jeannie Oropeza
Department of Finance (A-15)
Education Systems Unit
915 L Street, 7th Floor
Sacramento, CA 95814

Tel: (916) 445-0328

Fax: (916) 323-9530

Mr. David E. Scribner
Scribner & Smith, Inc.
2200 Sunrise Boulevard, Suite 220
Gold River, CA 95670

Tel: (916) 852-8970

Fax: (916) 852-8978

Ms. Ginny Brummels
State Controller's Office (B-08)
Division of Accounting & Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

Tel: (916) 324-0256

Fax: (916) 323-6527

Ms. Susan Geanacou
Department of Finance (A-15)
915 L Street, Suite 1190
Sacramento, CA 95814

Tel: (916) 445-3274

Fax: (916) 324-4888

Mr. Keith B. Petersen
SixTen & Associates
3841 North Freeway Blvd., Suite 170
Sacramento, CA 95834

Claimant Representative

Tel: (916) 565-6104

Fax: (916) 564-6103

