

**CALIFORNIA STUDENT AID COMMISSION
GRANT ADVISORY COMMITTEE MEETING**

10811 International Drive
Rancho Cordova, CA 95670

**MINUTES
FEBRUARY 14, 2007**

ADVISORY COMMITTEE MEMBERS	COMMISSION STAFF
Mary Lindsey, Acting Chair, PI	Catalina Mistler, Chief, Program Administration & Services Division
Kate Jeffery, UC	Steve Caldwell, Chief, Governmental & Public Affairs
Louise McClain, Commissioner	Charles Wood, Manager, Program Compliance Unit
Tim Bonnel, CCCCCO	Bryan Dickason, Manager, School Support Services Branch
Lora Jo Bossio, UC	Lori Nezhura, Staff, School Support Services Branch
Marco De La Garza, CCC	Drew Schrepel, Staff, School Support Services Branch
Noelia Gonzalez, CASFAA	Sanjay Singh, Staff, Cal Grant Operations Branch
Sally Mae Pace, K-12	Jorge Cortez, Staff, School Support Services Branch
Mary Robinson, CSU	Tae Kang, Staff, Cal Grant Operations Branch
Catherine Thomas, AICCU	Irene R. Klauer, Staff, School Support Services Branch
Veronica Villalobos, AICCU	Justin Masters, Information Security Officer
Laura Cunha, PI	Darrine DeStefano, Staff, State Representative
Sharon Bowles, HS Counselor	
	ALSO PRESENT
	Lili Vidal
	Mindy Bergeron
	Catherine Graham

Tab 1: Housekeeping and Roll Call

Drew Schrepel, Staff, School Support Services called roll for the Grant Advisory Committee (GAC). California Student Aid Commission (CSAC) staff, GAC members, and members of the public introduced themselves so everyone on the phone knew who was physically present.

Tab 2: Recommendations of GAC Work Group

Mary Lindsey, Acting Chair, called the meeting to order. She noted the agenda items as follows:

- 1) Minutes
- 2) Election of Vice-Chair
- 3) GAC Recommendation(s); California Student Aid Commission (CSAC) Meeting

Kate Jeffery, University of California (UC) representative, noted the GAC Work Group recommendations regarding the following issues:

- 1) Institutional Participation Agreement (IPA) - Extend existing IPA due to the following:
 - a. Impasses regarding the IPA viewed as tied to broader delivery issues for the Cal Grant programs.
 - b. Need full review of delivery system.
 - c. Should the delivery process be centralized or decentralized? Work Group asked for greater clarity on the current sort of "hybrid" process.

Motion: Lora Jo Bossio, University of California representative, moved that the Commission "extend the existing IPA pending a full review of the delivery process that evaluates the feasibility, cost-effectiveness, and efficiency of the following possibilities:

- 1) Movement to a fully centralized process with additional resources allocated to CSAC to take on responsibility for final determination of Cal Grant eligibility;
- 2) Movement to a fully institution-based process with additional resources allocated to campuses to take on full responsibility for final determination of Cal Grant eligibility;
- 3) Modification of the current hybrid process to clarify CSAC and institutional responsibilities for determination of Cal Grant eligibility with additional resources allocated where needed."

Motion seconded by Cathy Thomas, Association of Independent California Colleges and Universities (AICCU) representative.

Motion passed.

Discussion:

Acting Chair Lindsey asked for comment from the public. Steve Caldwell, Chief, Governmental & Public Affairs, asked if GAC had put a timeframe on completing the full review of the delivery process. Chair Lindsey said they had not, but that the group expected participants of the review be committed to completing the process.

Tim Bonnel, California Community College Chancellor's Office (CCCCO) representative, asked about the IPA going out to public comment in March. He wanted to know if, after the comment period, GAC would have another opportunity to comment on subsequent changes that are adopted as a result of public comment. Catalina Mistler, Chief, Program Administration & Services Division, explained that the IPA would come back to GAC for review of comments made by additional stakeholders.

Member Jeffery began discussion of GAC's recommendation on commingling of funds noting that GAC recommended the commingling option be available to campuses in all segments, not just the publics.

Motion: Member Thomas moved that "the commingling option be available to campuses in all segments."

Motion seconded by Mary Robinson, California State University (CSU) representative.

Discussion: No discussion.

Motion passed.

Member Jeffery explained that on the matter of calculation of interest, GAC recommended that the calculation of interest on Cal Grant funds held on the campus recognize both positive and negative balances.

Motion: Veronica Villalobos, AICCU representative, moved that the calculation of interest on Cal Grant funds held on the campus recognize both positive and negative balances.

Motion seconded by Member Robinson.

Discussion: No discussion.

Motion passed.

Member Jeffery began the discussion on the reconciliation process noting that the work group had settled on a single date of December 31st. Using this date, she added, addressed the time constraint issues and therefore was recommended by the work group.

Motion: Member Bossio moved that December 31st be the single reconciliation date requirement in the IPA.

Motion seconded by Member Robinson.

Discussion: No discussion.

Motion passed.

Continuing discussion on the reconciliation process, Member Jeffery explained that the workgroup recommended that for institutions that do not return outstanding funds by the deadline date or that return less than the appropriate amount, CSAC generate invoices for outstanding funds, payable 30 calendar days from receipt of the invoice. If the refund did not occur within 30 days, she continued, a series of penalty letters would commence. Upon payment in full, the institution would receive an invoice indicating a zero balance.

Acting Chair Lindsey noted that this discussion was about reconciliation in response to the auditor's findings and not limited to the IPA. To this, Member Jeffery asked if this recommendation needed to be in the IPA and explained that maybe the "invoice" recommendation could be considered as part of the reconciliation process.

Motion: Member Thomas moved that the 30-day invoice recommendation be considered as part of the reconciliation process for the school and that if payment did not occur, a series of penalty letters would ensue until full payment.

Motion seconded by Member Bossio.

Discussion: Member Bonnel explained that he was not clear on the motion being discussed. Acting Chair Lindsey reiterated the motion, noting that the recommendation to the Commission would be that the process be considered, but that the process not be listed in the IPA. Acting Chair Lindsey explained that in the "discussion" part of the motion, Member Thomas requested that the process be listed in the IPA so schools know the penalties connected with not complying. Member Bossio explained that there are penalties to other expectations listed in the IPA, but those penalties aren't necessarily stated.

Motion passed.

On the matter of students being able to appeal a "pending" status and receive payment, member Jeffery made the following motion:

Motion: GAC recommends that the appeal process be part of the reconciliation process that CSAC adopts, in response to the audit findings, but that it not be included in the IPA.

Motion seconded by Member Thomas.

Discussion: Member Bonnel asked about the time frame for an applicant's pending status and if it referred to pending during or after the preliminary reconciliation. Acting Chair Lindsey explained that a specific date was not recommended, but the group suggested that a time frame around June, of every year, would be helpful. Member Bonnel then asked what was meant when discussing remaining pending payments. Acting Chair Lindsey explained that the group was talking about payments after the December 31st reconciliation cutoff date that for some reason had not been made.

Member Bossio noted that the "pending" applicant should be identified through the reconciliation process; thus not having many students cropping by the December 31st date. Mr. Dickason, in response to concerns about the pending account harming the student, explained that currently an appeal process is in place for schools to address corrections, but that the appeals occur on an "exception process" bases. Member Bonnel explained that the discussion addressed his concern about the timeframe issue.

Member Jeffery suggested the motion include and understanding that the motion stands, "consistence with current practice." Acting Chair Lindsey reiterated the motion stating "consistent with current practice, students whose payments remained pending at the institution would be permitted to enter an appeal process that permits them to receive payments of their grant past December 31st."

Motion passed as amended.

Member Jeffery explained following in form of a motion:

Motion: Campuses are not to be responsible for determining the student's GPA calculation and wanted removal of that responsibility reflected in the IPA.

Motion seconded by Member Robinson with change of the word from determination to confirmation.

Discussion: This recommendation, added Acting Chair Lindsey, does not address those GPA calculations completed by institutions on a voluntary basis. Member Bonnel commented that the GPA calculation determination, in this motion, refers to high school GPA calculations. Member Jeffery commented that this recommendation is in regard to both high school and college GPAs as it pertains to the general eligibility requirement. Acting Chair Lindsey suggested the recommendation should say that the work group the "exclusion" of the confirmation of the Cal Grant GPA from the list of campuses' responsibilities; so it's not determination, it's confirmation.

Member Bonnel clarified by noting that if the institution calculates or determines the GPA themselves (you), then the assumption is that it's done correctly and the institution is in compliance, but that doing so is not part of the IPA requirement. If done by another college, however, the institution is not expected to go out and re-verify that it was calculated correctly and is accurate. Both Acting Chair Lindsey and Ms. Mistler validated Member Bonnel's understanding of the issue.

Motion passed as amended.

Member Jeffery noted that confirmation of high school graduation is not included in the draft IPA as one of the institutional responsibilities and wanted clarification from staff; wanted to know if counsel had provided clarification. Ms. Mistler noted that counsel had not responded as yet, but that once that occurred, there would be discussion of the steps involved in securing the information, and too, who will be responsible for the verification.

Discussing California residency, Member Jeffery noted that the work group did not reach a consensus on how to address this issue, so the recommendation made was that "the existing IPA language be continued." The group, she added, didn't necessarily know what the current requirement was so some of the issues around the issue could not be resolved.

Member Robinson encouraged the group to resolve the California residency issue before the IPA goes forward, noting that this was one of the reasons for the group's recommendation that CSAC continue with the existing IPA. She explained that the group recommending the current IPA language on this issue is vague and confusing and, in her view, not a satisfactory alternative. Member Jeffery explained that keeping the existing language was consistent with the overall recommendation that the IPA be extended.

Member Bossio asked if this particular recommendation was needed since the recommendation to extend the IPA was being made. Member Jeffery noted that it was the impasse on the residency issue that lead to the recommendation that the IPA be extended until these matters were resolved.

Ms. Lori Nezhura, Staff, School Support Services Branch, clarified that the current 2003 IPA states institutions are to "confirm and document that students listed on a Commission roster or

other award notification meet basic eligibility requirements including California residency, financial need, and appropriate eligibility.” Acting Chair Lindsey explained that what extending the IPA does is allow schools to continue what they’ve been doing because they haven’t been cited (has not come up in a major way in program reviews). Member Jeffery explained that recommending the extension of the current IPA is recognition that the existing language is problematic.

Acting Chair Lindsey called for a motion in the recommendation. Member Bonnel explained that he could not support a motion that points to language that says institutions are supposed to be confirming and documenting residency. He explained that he thought the group had concluded that the segment, as done in previous years, would define residency per their segment and notify CSAC if what they had was different than that on CSAC records. Acting Chair Lindsey recognized that the group had the discussion, but that the group had not come to a final recommendation.

Acting Chair Lindsey had to leave the discussion at this point, but noted for the record that she would vote no on any motion that had different residency requirements for different students at different segments. Member Bossio stated that her concern with trying to resolve the residency issue, again, would lead to the same recommendation to extend the existing IPA that had already been voted on; the discussion would be moot. Member Bossio noted that extension of the IPA makes the point that there a number of unresolved issues surrounding net interest or residency and that’s what lead to the stalemate.

Acting Chair Lindsey, in response to discussion about recommending to CSAC that the issues be resolved, explained that the work group doesn’t have to recommend anything, but instead, is noting a resolution about residency could not be secured. Ms. Mistler explained that the group and staff will want to be able to explain to Commissioners why institutions would not have a recommended process to follow. Member Robinson pointed out that GAC needs information from the Commission about precisely what their residency determination process is and preferably with the Commission having regulations establishing such requirements.

Member Jeffery noted that two issues were unresolved regarding definitions that lead to recommending the IPA be extended: 1) California residency definition, and 2) definition for conflicting information. Member Bonnel, in the case of residency, if both CSAC and the institution agreed that the student was a resident, then there would be no further review of the record. Ms. Mistler explained that her understanding of the recommendation was that the Education Code definition would be used; thereby allowing institutions to use their definitions, and the state would establish a date for the private institutions.

In response to Member Bonnel’s concern of losing a quorum, Member Jeffery noted that there were no more votes to be taken. Instead, she said, the goal was to provide CSAC with clarification on the issues causing campuses concern about definitions, work load and differing definitions used by different institutions. Ms. Mistler asked Member Jeffery if GAC wanted CSAC to move forward on identifying specifics to the issues that are unclear. In previous discussions, she noted, GAC and CSAC had agreed to leave the residency determination to what the institutions currently use. Member Jeffery noted that the IPA did not say this in its glossary section. Mr. Dickason said the definition could be modified, but it was his understanding that in previous discussions the GAC group wanted the opposite.

On the matter of California residency, Member Jeffery offered that CSAC could move forward with using the public institution’s definition of residency for the publics and the IPA glossary

definition for the privates, at least on an interim basis. The only other remaining issue, she added, would be what CSAC would expect the privates to do regarding conflicting information. Member Thomas expressed that she didn't think conflicting information could be defined for the privates to any degree, but there is a sense of what constitutes "conflicting information" for everybody.

Laura Cunha, Proprietary Institution (PI) representative, asked if the issue of "conflicting information" could be studied. Member Jeffery supported the idea, but commented that in the case of the residency, you first need to know what it means to be a California resident. Member Thomas noted the seemingly inconsistency on how CSAC handles residency issues in-house when conflicting information surfaces. Ms. Mistler explained that when a student is under 18 the parent's residency is used to determine Cal Grant eligibility. Member Jeffery commented that when she thinks of the current process for determining residency, CSAC relies on the student to self-certify they are a resident and there is no definition on the Free Application for Federal Student Aid (FAFSA) for residency.

Member Jeffery recommended that CSAC define residency, for Cal Grant purposes, to be the same as the residency for tuition purposes in the publics. For the privates, she added, CSAC could have a glossary definition, but rely on a self-certification process from the student and require nothing else beyond that. Member Thomas recommended that CSAC tighten up their own requirements as well.

Member Jeffery asked that CSAC be upfront about what's expected of the institution in terms of documentation to be held with the institution for proof and what the consequences would be if the documentation was not in place. Member Thomas agreed with Member Jeffery, but added that CSAC should also check for residency of the parent(s) on the FAFSA for students under the age of 18.

Member Jeffery also asked that "red flags" as defined by CSAC, should also be identified up front for the institutions as well as whether the student attended a California school and if not, that a unit in CSAC would do a review of these student files. The study, she added, would want to work on the "up-front" process of what is required and make it rigorous to effectively identify issues.

Member Jeffery reiterated her strong opposition to requiring public segments to do a re-determination of California residency due to the enormous work load it would create. Member Jeffery also asked that campuses have the option to review the residency of a Cal Grant applicant/recipient according to CSAC's glossary definition and, on a case-by-case basis, deem a student Cal Grant eligible if applicable; use the least restrictive requirements and make the applicant Cal Grant eligible.

Ms. Mistler explained that stakeholder feedback will continue with the expectation that a final product will be in place in April to present to the Commissioners. Member Jeffery reiterated the uncomfortableness among some of the GAC members were uncomfortable with the current IPA language, but assured CSAC that the work group would welcome efforts to improve the IPA. Member Thomas explained that all independents will work with CSAC to improve the IPA; they just don't want to put something in place that is unworkable. She encouraged CSAC to do a preliminary review of the issues.

No action taken.

The meeting adjourned at 12:53 p.m.

Kate Jeffery, GAC Work Group Chair