

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 23, 2008

***REQUEST APPROVAL TO DISTRIBUTE PROPOSED REVISIONS TO THE PROCEDURES FOR
PUBLIC COMMENT***

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I. ACTION

Approve draft Student Loan Procedures to post to California Debt Limit Allocation Committee (CDLAC) Website.

II. BACKGROUND

Staff recommends technical changes and clean-up language to the existing CDLAC Student Loan procedures. These changes are recommended to achieve the following goals for the Student Loan Program:

- Predictability: Streamline and simplify the allocation process to enable the Applicant to plan for the academic school year by providing a predictable allocation award process.
- Fairness/Objectivity: Establish an objective and fair process that will mirror the procedures for other CDLAC allocation awards. The proposed process will be transparent so as to allow the Applicant to Self-Score their CDLAC application.
- Public Benefit: Create a process that focuses on the creation of public benefits. The major benefit identified is the reduction in borrowing costs for students enrolled in California colleges and universities. The proposed Procedures establish an allocation priority for Applicants that lower the cost of student loans.

III. SUMMARY OF MINIMUM REQUIREMENTS

The proposed Procedures would enhance threshold requirements by implementing the following change:

- In order to receive a student loan allocation the Applicant would be required to provide the federal STUDENT MARKETMEASURE Standard Report 10D, (or other source deemed by the Executive Director to be accurate) to validate the number of student loans their agency made to students in California. This requirement is intended to insure that the allocation is granted to an Applicant who participates in the California Student Loan Market and that the Applicant has demonstrated the ability to utilize the allocation requested.

IV. SUMMARY OF EVALUATION CRITERIA

The proposed Procedures would include the following changes to the evaluation criteria:

- The Applicant's pro-rata share of the Student Loan Program allocation will in part be determined by the total dollar amount of student loans originated in California as documented in the STUDENT MARKETMEASURE Standard Report 10 D (or other sources deemed to be accurate by the Executive Director).
- The Applicant will be required to provide the actual interest rates that students will have to pay when they enter repayment on loans made in the most recent academic year. The actual interest rate information will be compared to the interest rates the Applicant proposed in their most recent application. Based on the Committee's analysis and assessment, an Applicant could be rewarded and/or penalized based on whether or not they met their loan cost projections.

COMMENTS:

In developing the proposed Student Loan Procedures staff met with both All Student Loan and EFSI and received comments and suggestions from both agencies. Both agencies support the proposed changes in concept but will provide additional comments during the 30-day public comment period.

RECOMMENDATION: Approve the distribution of revised draft Student Loan Procedures for a 30-day public comment period.