



Agenda Page 370, Issue 050, Item 7980-001-0001, Language Only Authority for Student Aid Commission To Act as Lender-of-Last Resort (LLR)

June 16, 2008

LAO Compromise



Amend Part 42, Chapter 2, Article 2.5 of Education Code as Follows:

69522. (a) (2) The activities approved by the commission under this subdivision shall not include either of the following:

(A) The issuance of bonds.

(B) Loan origination or loan capitalization activities. This paragraph shall not preclude the commission or the auxiliary organization from undertaking other permitted activities that are related to student financial aid in partnership with institutions that conduct loan origination or loan capitalization activities, **or from loan origination or loan capitalization activities authorized pursuant to an agreement with the United States Secretary of Education for the lender-of-last-resort program. The commission shall provide written notification to the Joint Legislative Budget Committee no less than 30 days prior to undertaking loan origination or loan capitalization activities for the lender-of-last-resort program.**

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69522. (c) (1) The commission shall maintain its responsibility for financial aid program administration, policy leadership program evaluation, and information development and coordination. The auxiliary organization shall provide operational and support services essential to the administration of the Federal Family Education Loan Program and other permitted activities that are related to student financial aid, if those services are determined by the commission to be consistent with the overall mission of the commission. **Upon the written request of the Chairperson of the commission, the auxiliary organization shall cease to conduct any activities determined by the commission to be inconsistent with state laws or regulations, federal laws or regulations, or the overall mission of the commission.**



Approve Supplemental Report Language as Follows:

The commission shall submit a report to the Legislature and the Governor by January 5, 2009 on steps that the state may take to address the student loan crisis and its impact on access to postsecondary education in California. In preparing the report, the commission shall convene representatives from California public and private postsecondary schools, lenders, the Department of Finance, the Legislative Analyst's Office and other legislative staff, student and parent representatives, EdFund, and others as deemed necessary to make recommendations.