

**Action Item**

***LOAN ADVISORY COUNCIL***

Approval of the July 31, 2007 Meeting Minutes

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***Recommended Action:*** The Loan Advisory Council is asked to approve the minutes.

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**CALIFORNIA STUDENT AID COMMISSION  
LOAN ADVISORY COUNCIL  
TELECONFERENCE MEETING**

**MINUTES  
JULY 31, 2007**

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A teleconference meeting of the California Student Aid Commission’s Loan Advisory Council (LAC) convened on Tuesday, July 31, 2007 at the following locations:

Access Group  
5500 Brandywine Parkway  
Wilmington, DE

College Loan Corporation  
975 F Street, NW, Ste. 550  
Washington, DC

The Student Loan Corporation, Citibank, N.A.  
750 Washington Blvd.  
Stamford, CT

ALL Student Loan  
6701 Center Drive West  
Los Angeles, CA

Dominican University of California  
Financial Aid Office  
50 Acacia Avenue  
Anne Hathaway #1  
San Rafael, CA

University of California, San Diego  
Student Services Center  
Bldg. 402 UCTR  
9500 Gilman Drive  
La Jolla, CA

California Association of Private Postsecondary Schools  
400 Capitol Mall  
Suite 1560  
Sacramento, CA 95814

Glendale Community College  
Financial Aid Office  
1500 N. Verdugo Road  
Glendale, CA

University of California, San Francisco  
Student Financial Services  
500 Parnassus Avenue  
San Francisco, CA

California State University, Long Beach  
Financial Aid Office  
Brotman Hall, #123  
1250 Bellflower Blvd.

John F. Kennedy University  
Financial Aid Office  
100 Ellinwood Way  
Pleasant Hill, CA

Elite Industrial Corporation  
Chung Shan N. Road  
Sec. 6, Ln. 405, No. 51, 4F  
Taipei, Taiwan

Chair Steere-Salazar called the meeting to order at 9:35 a.m.

The following LAC Members were present:

Carrie Steere-Salazar, Chair  
David Ambrose  
Vince DeAnda  
Robert Haushalter  
Patricia Hurley  
Robert Johnson

Brian Jones  
Dean Kulju  
Dolores Niccolai  
Kurt Schneiber  
Audrey Tanner  
Amy Tien-Gordon

The following LAC Members were absent:

Ben Chiu  
Greg Jaeger

Commission Staff Present:

Diana Fuentes-Michel, Executive Director  
Janet McDuffie, Chief, Management Services Division and Interim Chief, Federal Policy & Programs Division (FPPD)  
Kathleen Stanley, Associate Governmental Program Analyst, FPPD  
Steve Caldwell, Chief, Governmental and Public Affairs

EDFUND Staff Present:

Sam Kipp, President  
Therese Bickler, Vice President, Loan Operations

**PUBLIC COMMENT**

There was no public comment.

**AGENDA ITEM 1 – LOAN ADVISORY COUNCIL CHAIR’S REPORT**

Chair Steere-Salazar had no issues to report.

**AGENDA ITEM 2 – EXECUTIVE DIRECTOR’S REPORT**

On behalf of Executive Director Diana Fuentes-Michel, Ms. Janet McDuffie, Chief, Management Services Division and Interim Chief, Federal Policy & Programs Division (FPPD), provided the following update:

- The State Assembly passed the 2007-08 State Budget, which includes Senate Bills 89 and 91 (trailer bills related to the potential sale of EDFUND), but the Senate is still deliberating.
- The Commission’s Technical Advisory Committee was established to assist with the Grant Delivery Enhancement Project. Staff is actively seeking advice from schools on necessary changes.
- Cal Grant Entitlement awards have increased more than five percent over the prior year.
- The first 100 applicants for the National Guard-Assumption Program of Loans for Education (NG-APLE) were selected.
- Work continues on the Institutional Participation Agreements (IPAs) for the Cal Grant programs and staff expects to finalize them at the Commission’s September meeting.
- Commission staff has been working closely with the Commission’s Ad Hoc Committee, and consultants, on developing a plan for the oversight of EDFUND, a draft of which is expected to be considered at the Commission’s September meeting.

**AGENDA ITEM 3 – EDFUND PRESIDENT’S REPORT**

EDFUND President Sam Kipp reported on the proposed legislative bills that will impact the Federal Family Education Loan (FFEL) Program. President Kipp noted that not much is known about the proposed sale of EDFUND. At this time, EDFUND continues to focus on its customers (borrowers, schools and lenders).

There was general discussion about how lenders see the future of the loan program should these major cuts pass; direct to consumer marketing; the prohibitions related to affiliations; and EDFUND's potential outreach activities.

#### **AGENDA ITEM 4 – APPROVAL OF THE MARCH 13, 2007 MEETING MINUTES**

On **MOTION** by Member Schneiber, **SECONDED** and **CARRIED**, the Loan Advisory Council **APPROVED** by Roll Call Vote the March 13, 2007 meeting minutes, as presented.

#### **AGENDA ITEM 5 – DISCUSSION OF SCHOOL AND LENDER PARTICIPATION ON THE LOAN ADVISORY COUNCIL**

The LAC members were concerned about being able to continue to participate on a guaranty agency's advisory committee in light of the various prohibitions being considered at both the State and Federal levels. CSAC staff reported that there did not appear to be any prohibitions on schools or lenders continuing to participate on advisory bodies of a guaranty agency.

The school segments provided some feedback on whether they could continue to participate on guarantor advisory groups. The Community Colleges, California State University, University of California, and Independent school systems do not have an issue with it. (There was no comment from the Private For-Profit segment.)

CSAC staff informed LAC that the Commission has testified with the California Legislature and indicated that they value the Grant Advisory Committee and the Loan Advisory Council. Staff also indicated that when the Legislature develops a committee structure to deal with bills or other changes, they appreciate the fact that the Commission already has advisory committees.

On **MOTION** by Member Hurley, **SECONDED** and **CARRIED**, the Loan Advisory Council **APPROVED** by Roll Call Vote the motion to continue to meet unless otherwise prohibited by federal law.

#### **AGENDA ITEM 6 – DISCUSSION OF ADDITIONAL BENEFITS AND SERVICES THAT EDFUND CAN PROVIDE TO STUDENTS, SCHOOLS AND LENDERS**

Ms. Therese Bickler asked the members for feedback regarding any needs that are not being met with regard to students and families, borrower choice, and financial aid office needs.

Some of the suggestions from the members were for EDFUND to:

- Assist with (generic) publications for schools that do not have sufficient budgets and have depended on lenders for assistance in the past
- Provide assistance with Consolidation
- Help conduct Entrance and Exit Sessions on campuses that need it (used to be done by lenders)
- Coordinate efforts with the "I'm Going to College" campaign
- Provide additional resources/workshops for students to attend and apply for financial aid
- Provide early education process to ensure students go through the right process (in terms of a defense against direct-to-consumer marketing of private loans)

- If possible, use a “marketing” consultant to assist with counter-marketing against direct-to-consumer marketing

Ms. Bickler indicated that EDFUND could enhance training, publications, information on their interest sites and make it clear that there is borrower choice.

**AGENDA ITEM 7 – DISCUSSION OF THE GOVERNOR’S MAY REVISION PROPOSAL TO SELL EDFUND**

Staff provided a summary of the proposal along with the trailer bills that would authorize the Director of Finance to proceed with the sale of EDFUND. Staff also noted that the proposal also includes the Commission’s expenses and the Cal-SOAP program shifting from the Student Loan Operating Fund back to the General Fund.

Chair Steere-Salazar asked whether taking any advisory position would be helpful in the discussion and EDFUND President Kipp indicated that taking a position at this point would not be useful. Ms. McDuffie indicated that staff would keep LAC updated on the activities that are taking place regarding the proposal.

Member Hurley reported that the California Association of Student Financial Aid Administrators (CASFAA) and the California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA) sent a letter to the Governor indicating their position, which urges the Legislature to ensure, if there is a new entity, that it maintains the same level of service and integrity.

**AGENDA ITEM 8 – CONSIDERATION OF TOPICS FOR THE NEXT MEETING**

LAC members briefly discussed potential topics for its next meeting and the following issues were suggested:

- Continuation of the discussion on direct marketing of student borrowing
- Update on the sale of EDFUND
- Update on loan program changes (federal legislation, reauthorization and the 2008 federal budget)
- Update on the roles and responsibilities of the Commission and EDFUND
- Update on the repeal of the regulation regarding administrative cancellation

LAC decided to meet again in the October/November timeframe. Staff will be contacting LAC members regarding their availability.

There being no further business, the meeting of the Loan Advisory Council adjourned at 11:37 a.m.

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Carrie Steere-Salazar, Chair