

**Information/Action Item**

***California Student Aid Commission***

Consideration of the Commission's committee structure

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The Commission officially has four standing committees and three ad hoc committees. The four standing committees are:

- Personnel, Evaluation and Nominations (PEN) Committee;
- Audit Committee;
- Governance and Monitoring (GM) Committee;
- Programs, Planning and Budgeting (PPB) Committee.

The three current ad hoc committees are:

- Dream Act Committee;
- Student Impact Committee;
- Distance Learning Committee.

**Standing Committees**

The Commission gradually limited the scope and use of its standing committees beginning in 2009, preferring to consider and act as a single body due to Commissioner vacancies, and to the uncertainties about the continued existence of the federal student loan program and the Cal Grant Program under the previous Administration.

The Commission met seven times in 2011. The PEN Committee, the only standing committee to meet in 2011, met three times. There were no ad hoc committees in 2011.

The Commission met six times in 2012. No standing committees met. Three ad hoc committees were created in 2012, of which the Dream Act Committee and the Distance Learning Committee met once each, and the Student Impact Committee met twice.

We believe that committees can be efficient and appropriate in certain instances. For example, preliminary procedural matters are particularly suited to committees. The PEN Committee established the procedures and gathered data for the annual evaluation of the Executive Director's performance, and the full Commission considered the data and took final actions. Similarly, the PEN Committee solicited nominations for Commission officers, made recommendations to the Commission, and the full Commission acted.

However, in the past, we observed the standing committee process working less efficiently when there were significant disagreements among groups of Commissioners. In cases involving especially sensitive policy or substantive issues, committee memberships were adjusted or the Commission handled the matter itself. Some former

Commissioners have also expressed concerns about the usefulness of committees when the full Commission engaged in extensive discussion that mirrored the discussion that had already taken place in committee.

However, we assume for purposes of this discussion that Commissioners believe it more efficient to function through committees.

The most recent descriptions of the standing committees are provided below, with observations from staff.

- **Personnel, Evaluation and Nominations (PEN) Committee**

The Personnel, Evaluation and Nomination (PEN) Committee conducts regular evaluations of the Executive Director; nominates the annual slate of officers for the Commission and recommends appointments to the Commission's advisory bodies. The PEN Committee would also develop and oversee the orientation process of new members of the Commission and exercise general oversight of the administrative concerns of the Commission and its staff. The PEN Committee membership is composed of a membership of five (5) Commissioners.

The PEN Committee currently has one member. In recent years, the committee exercised responsibility only for the annual evaluation of the Executive Director. However, there was no evaluation in 2012. The evaluation is the mechanism by which the Commission formally identifies its goals for, and expectations of, the Executive Director for the ensuing year, and evaluates her performance in achieving the goals and expectations identified by the Commission for the previous year.

The PEN Committee has not nominated an annual slate of Commission officers since 2008. The Commission extended the terms of its then-current officers at its July 1, 2009 meeting because the previous Administration had proposed decentralizing the Cal Grant Program, eliminating the Commission, and selling the student loan guarantee program assets, including EdFund. The Commission did not hold an election until this past November.

The PEN Committee has not exercised its authority to oversee the orientation process for new Commissioners since 2008. PEN Committee recommendations for advisory committee appointments were rendered unnecessary after the end of 2009, when the Commission discontinued advisory committees due to severe reductions amounting to over 25% of the Commission's operations budget. Although our operations budget has received slight increases in funding since then, these increases are tied to new responsibilities. We have not recovered the funding and jobs lost at the end of 2009, and have been unable fully to reinstate many functions, including those critical for helping students, such as longer call center hours, and for training financial aid representatives at institutions.

Finally, the PEN Committee implemented its "general oversight of the administrative concerns of the Commission and its staff" through the annual evaluation of the Executive Director, for which it developed an evaluation tool.

We recommend reconstituting the PEN Committee, with direction to the committee to revising its charter to bring it up to date, subject to Commission approval. The charter should include the responsibilities to conduct the annual evaluation of the Executive Director and develop and conduct the annual process for the election of Commission officers.

- **Audit Committee**

The Audit Committee ensures that the Commission maintains the proper monitoring and oversight of all audits and/or program reviews conducted on the California Student Aid Commission. The Committee also ensures that all internal operations of the Commission are monitored and reviewed through its Legal and Audit Services Division. The Audit Committee is responsible for ensuring that the required audits of the Commission and EdFund are completed and for assessing the status of any audit findings and corrective actions. The Audit Committee membership is composed of a membership of five (5) Commissioners.

The Audit Committee has not met since October 2008 and currently has no members. Its major focus was the student loan guarantee program previously administered by the Commission through EdFund. Commission oversight of the state funds for Cal Grants and the other programs administered by the Commission, however, continues to be necessary and appropriate.

We recommend that the Commissioners reconstitute the Audit Committee, and direct the committee to revise its charter to bring it up to date, subject to Commission approval.

- **Governance and Monitoring (GM) Committee**

The GM Committee annually assesses the overall functioning of the Commission as a body and its agreed-upon policies. It makes recommendations to enhance the effectiveness of the Commission and its policies. The GM Committee is charged with ensuring appropriate involvement of Commission members with key elected and appointed officials. This necessitates ensuring effective channels of communication and understanding with the state and federal governments. The GM Committee is responsible for overseeing the development of the Commission's official position on legislation. The Committee is composed of a membership of five (5) Commissioners.

The GM Committee last met on February 2010, and currently has no members.

We believe that the then-Commissioners created the GM Committee primarily as a forum through which Commissioners could attempt to resolve differences among themselves over the appropriate level of oversight of EdFund, and as a referee to mediate differences between the Commission staff and EdFund staff.

Even with the end of the Commission's administration of the federal student loan guarantee program, however, some of the responsibilities assigned to the GM Committee continue to have relevance. For example, Commissioners may want to develop formal, written procedures and policies for functioning as one body and through

committees, and working with staff. A previous Commission developed Governance Policies in 2006-07. These are out of date and should be revised if Commissioners want written policies.

The Commission's official position on legislation is essential and important. Commissioners may want to consider whether a committee will continue to be useful to analyze legislation and make recommendations for the full Commission to consider.

We believe, however, that a single committee with the revised responsibilities of both the GM Committee and the Programs, Planning and Budgeting Committee, described below, may be a more efficient use of Commission resources. The need to develop or revise governance policies would likely be intermittent rather than constant. The initial work of revising the 2006-07 governance policies would take time, but can be done by an ad hoc committee. Thus, the GM Committee should be abolished and any retained responsibilities should be assigned to a reconstituted Programs, Planning and Budgeting Committee, or a renamed committee.

- **Programs, Planning and Budgeting (PPB) Committee**

The PPB Committee reviews the long- and short-term planning documents of the grant and loan programs, including outreach; reviews the Commission's budgets to implement these plans; and monitors the extent to which these plans and budgets are in consonance with the Commission's policies. The PPB Committee reviews the fiscal implications of plans proposed by other committees and the specifics of the Commission's Budget Change Proposals, and recommends Commission initiatives, as appropriate. The PPB Committee also oversees the development of the Commission's Strategic Plan on an annual basis. The PPB Committee is composed of a membership of seven Commissioners.

The PPB Committee last met in April 2010 and currently has no members.

The PPB Committee primarily focused on the federal student loan guarantee program budget and planning. With the end of the Commission's administration of that program, however, this function is no longer necessary.

The responsibilities for reviewing the fiscal implications of plans and Commission budget change proposals, for recommending Commission initiatives and overseeing an annual Strategic Plan continue to be relevant and appropriate.

As stated above, we recommend that the Commission combine any continuing responsibilities of the old GM Committee with those of a reconstituted PPB Committee, or a renamed committee, and direct the committee to revise its charter, subject to Commission approval.

- **New federal liaison or federal relations committee**

Federal issues do not come within the express authority of a particular standing committee. At the September 13-14, 2012 Commission meeting, Commissioners discussed the possibility of establishing a Federal Liaison or Federal Relations

Committee. This committee could monitor federal legislative and executive initiatives affecting student financial aid and make recommendations to the Commission to become involved in or take positions on those initiatives, and monitor Commission proposals to those branches of the federal government.

We recommend that the Commission establish a separate federal liaison or federal relations committee for these and other purposes. The Commission should direct the committee to develop a charter for approval by the Commission.

### **Ad Hoc Committees**

The previous Chair created and appointed members to three temporary ad hoc committees to consider issue areas he considered relevant to the Commission.

- **Dream Act Committee**

The Dream Act committee is monitoring the development and implementation of the Dream Act application. The committee currently has five members:

Commissioner McDowell, Chairman of the Committee  
Commissioner Anton  
Commissioner Garcia Vasquez  
Commissioner Moore  
Commissioner Siqueiros

- **Student Impact Committee**

The Student Impact Committee is responsible for examining financial aid issues directly affecting students and bringing them to the attention of the California Student Aid Commission, with recommendations for appropriate actions. The Committee also provides a forum for students to focus attention on their perspectives and concerns. For example, the Committee may examine such issues as college and university policies for setting fees and tuition and policies for providing students and parents with information allowing them to compare institutions' costs and results. The committee currently has three members:

Commissioner Garcia Vasquez, Chair of the Committee  
Commissioner Conley  
Commissioner Siqueiros

We recommend that the Commission convert the Student Impact Committee into a standing committee with a membership of five Commissioners. The voice and perspective of students are necessary for the Commission to fulfill its mission.

- **Distance Learning Committee**

The Distance Learning Committee has not yet settled on its mission, and has expressed a desire to seek direction from the Commission. The committee currently has one member:

Commissioner Shah

To allow flexibility in the way the Commission functions, we recommend that the Chair retain the authority to create and appoint members to temporary ad hoc committees.

***Recommended actions:***

Assuming the Commission decides to function through committees:

1. Reconstitute the PEN Committee and direct the committee to revise its charter, subject to Commission approval. The charter should include:
  - a. the responsibility to conduct the annual evaluation of the Executive Director;
  - b. the responsibility to develop and conduct the annual process for the election of Commission officers.
2. Reconstitute the Audit Committee and direct the committee to revise its charter, subject to Commission approval.
3. Abolish the Governance and Monitoring Committee.
4. Reconstitute the Programs, Planning and Budgeting Committee, or rename the committee, and direct the committee to revise its charter, subject to Commission approval. The committee is to consider including the following responsibilities from the old GM Committee into its charter:
  - a. the responsibility to assess annually the overall functioning of the Commission as a body and its agreed-upon policies;
  - b. the responsibility to make recommendations to enhance the effectiveness of the Commission and its policies;
  - c. the responsibility for developing recommendations on legislation.
5. Establish a federal relations committee and direct the committee to develop a committee charter for approval by the Commission.
6. Convert the Student Impact Committee into a standing committee with a membership of five Commissioners.
7. Retain the Chair's authority to create temporary ad hoc committees.

***Responsible person(s):*** Keith Yamanaka  
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