

Action/Information Item

California Student Aid Commission

Approval of November 29-30, 2006 Minutes

Recommended Action: The Commission is asked to
approve the minutes.

CALIFORNIA STUDENT AID COMMISSION MEETING**MINUTES
NOVEMBER 29-30, 2006**

A meeting of the California Student Aid Commission convened on Wednesday, November 29, 2006, at 3300 Zinfandel Drive, Rancho Cordova, California.

Chair James Fousekis called the meeting to order at 8:30 a.m.

The following Commission Members were present:

James Fousekis, Chair
Louise McClain, Vice Chair
Michele Dyke, Secretary
Dean Johnston, Treasurer
Josefina Baltodano (via Telephone)
Chad Charton
Rory Diamond
Daniel Friedlander
Sally Furay
Dennis Galligani
J. Michael Ortiz
Alice Perez
Joseph Yew

The following Commission Member was absent:

David Roth

PUBLIC COMMENT

Janet McDuffie, Chief, Management Services and Acting Chief, Federal Policy & Programs, introduced the consultants hired to assist the Commission with the roles and responsibilities: Steve Thomas and Suzie Shupe with The Results Group and Larry O'Toole, Sheila Ryan and Michael Gambee with Aurora Consulting.

There was no other public comment.

AGENDA ITEM 1 - CLOSED SESSION

The Commission adjourned the OPEN SESSION and immediately convened into CLOSED SESSION at 8:43 a.m. to discuss and take action on personnel matters pursuant to Government Code, Section 11126(a)(1).

RECONVENE TO OPEN SESSION

Chair Fousekis reconvened the OPEN SESSION of the Commission meeting at 12:06 p.m. and reported that the Commission took action to expand the Personnel Committee, on an interim basis, to include Commissioners Perez and Galligani.

AGENDA ITEM 2 - PRESENTATION BY THE CALIFORNIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS (CASFAA), CALIFORNIA COMMUNITY COLLEGES STUDENT FINANCIAL AID ADMINISTRATORS ASSOCIATION (CCCSFAAA) AND THE CALIFORNIA LENDERS FOR EDUCATION (CLFE) TO PROVIDE INFORMATION ABOUT THE ORGANIZATIONS

Beth Asmus, Dean of Special Programs at College of the Canyons and incoming CCCSFAAA President for 2007, introduced her colleagues in the audience as follows:

- Current 2006 CASFAA President Louise Jones (University of California, Riverside)
- Current 2006 CCCSFAAA President Karen Micalizio (Butte College)
- Current 2006 CLFE President Donna Huber (AES)
- Incoming 2007 CLFE President Rob Smith (Sallie Mae)

Ms. Asmus, together with Mindy Bergeron, Director of Financial Aid at John F. Kennedy University and incoming 2007 CASFAA President, provided a presentation on the history of financial aid.

Due to time constraints, Chair Fousekis directed the Commission to discuss agenda item 8 out of order.

AGENDA ITEM 8 – OUTREACH ISSUES

Tom Mays, the new Director of the Public Affairs Branch, provided a summary of his branch's upcoming activities, which include strengthening and developing collaborative efforts and partnerships with key stakeholders, full integration of the Cash for College campaign, stronger branding of the Commission and the Cal Grant Program, internal streamlining, and stronger communication efforts.

Agenda Item 8.a – Update on Public Awareness Campaign

Chris Holben, Managing Partner at Runyon, Saltzman & Einhorn (RS&E), presented an update on the campaign, the theme for which is "Ticket to Success" in terms of college achievement through a Cal Grant and "Where It Will Take You" in terms of how it will benefit the students' entire lives. Mr. Holben noted that the firm is working closely with Despina Costopoulos to incorporate Cash for College Workshop information into all of the material.

Mr. Holben described other crucial elements of the campaign such as the Cash Box, online and radio advertisements, radio remotes (which tie in to the Cash for College events), cell phone text alerts and several corporate partnerships. He noted that the campaign also includes an extensive media and legislative relations effort.

Jennifer Castleberry, Managing Supervisor at RS&E, responded to questions, noting that the media relations effort includes several Asian-specific community partners throughout the state. She also described their measurements of success, which consist of actual Cal Grant award figures, results of pre- and post-test surveys designed to measure awareness levels and explore barriers, and personal accounts.

Executive Director Michel responded to questions regarding the increase in the Cal Grant Program, explaining that with 300,000 students participating, approximately 63,000 students qualified for the Cal Grant Entitlement program.

Agenda Item 8.b – Update on California Cash for College

Despina Costopoulos, Statewide Coordinator, provided background information on the California Cash for College program, a partnership effort of community colleges, universities, high schools, regional and local communities working to assist low income and first generation college bound students to successfully complete the financial aid application process. She reported that the program experienced a 66% increase in workshop attendance in one year, and last year served nearly 20,000 students and family members.

Ms. Costopoulos highlighted a few of the goals established at the first Cash for College strategic planning session held this summer, such as:

- offering more workshops;
- expansion by 25%;
- increasing FAFSA completions at the workshops by 20%;
- expanding the \$1000 scholarship incentive program; and
- offering a fall outreach tool to help students get ready for school.

Ms. Costopoulos described the integration of the Cash for College and Cal Grant Public Awareness campaigns into the workshops and local and regional flyers and posters. Chair Fousekis requested that Ms. Costopoulos provide the event schedule and invite the Commissioners who live in that area to participate. Chair Fousekis and Vice Chair McClain encouraged all Commissioners to participate in any events held in their communities.

AGENDA ITEM 3 - APPROVAL OF AUGUST 21, 2006 AND SEPTEMBER 7, 2006 MINUTES

On **MOTION** by Vice Chair McClain, **SECONDED** and **CARRIED**, the Commission **APPROVED** the minutes of the August 21, 2006 and September 7, 2006 Commission meetings, with the following corrections to the September 7, 2006 minutes:

1. Move the paragraph on page 4 beginning with "Commissioner Friedlander" to page 5 under the first paragraph.
2. Add "Louise McClain" to the list of Commission Members present on page 1.

Commissioner Galligani **ABSTAINED**.

AGENDA ITEM 4 - APPROVAL OF 2007 COMMISSION CALENDAR OF MEETINGS

Concerns were raised regarding the need for additional time to consider and discuss the following major issues:

- Institutional Participation Agreement (IPA)
- Roles and Responsibilities of the Commission and EDFUND

On **MOTION** by Commissioner Yew, **SECONDED** and **CARRIED**, the 2007 Commission Calendar of Meetings was **AMENDED**, to include a meeting date in late March 2007 (to be determined), and **APPROVED**.

It was noted that the Commission might cancel the April 19-20, 2007 meeting if, in the future, it is determined to be unnecessary.

AGENDA ITEM 5 - EXECUTIVE DIRECTOR'S REPORT

Executive Director Michel provided a brief status report, noting that there has been a lot of activity in the areas of Outreach, Information Technology in terms of the Grant Delivery System Enhancements, and Policy in terms of the relationship/roles and responsibilities and the Institutional Participation Agreement.

Catalina Mistler, Acting Chief of Program Administration Services, reported that staff is currently working with the state Department of Social Services (DSS) on a multi-year Chafee Grant Program contract, including the scope of work, projections and implementation.

Executive Director Michel noted that the contract with DSS is contingent upon the State Budget. Additionally, she pointed out that negotiations with DSS will include critical discussions of whether or not the policies governing the program are for the three-year period, not just operational authority. Chair Fousekis requested that a status update be provided at every Grants and Programs Committee meeting.

AGENDA ITEM 6 - EDFUND PRESIDENT'S REPORT

Martin Scanlon, Vice President and Chief Financial Officer of EDFUND Finance & Administration, presented the President's Report on behalf of EDFUND President Sam Kipp. Mr. Scanlon provided the following highlights from the written report:

- Loan guarantee volume increased by 30% over the prior year.
- In collections, consolidations decreased over 40% and rehabilitations increased over 70%.
- A \$28 million payment was received from the U.S. Department of Education for services provided through the Voluntary Flexible Agreement.

Chair Fousekis asked Mr. Scanlon to provide Executive Director Michel with the financial information needed by the Department of Finance for the sublease negotiations.

Mr. Scanlon responded to questions regarding the current and projected increases in loan consolidations. He indicated that EDFUND does not anticipate for next year the same volume experienced this year; however, consolidation remains an important component of EDFUND's collections strategy moving forward. Mr. Scanlon explained that there are two types of consolidations: those made on defaulted loans and those made on non-defaulted

loans. He clarified that EDFUND's strategy involves moving away from consolidations made on defaulted loans, which is typically not in the student's best interest.

Len Hyde, Vice President of EDFUND Default Management, responded to questions regarding the high percentage of out-of-state proprietary institutions in the loan portfolio. He indicated that this does not translate into a higher risk portfolio and the percentage of defaults is typically less than ten percent for many of these schools. He further stated that a higher degree of default does not mean there is a financial risk to the organization as demonstrated in the significant amount of post-default collections revenue.

AGENDA ITEM 7 – GRANTS AND PROGRAMS ISSUES

Agenda Item 7.a – Grant Advisory Committee Chair's Report of October 19-20, 2006 Meeting

Vice Chair McClain acknowledged former Grant Advisory Committee (GAC) Chair Mary Lindsey, thanked her for her service, and introduced the new Chair, Maria Hernandez. Ms. Hernandez informed the Commission that Ms. Lindsey would continue with GAC as its Vice Chair.

Ms. Lindsey then provided an overview of GAC's discussion in October, and presented the following recommendations:

1. Confirmation of High School Graduation. GAC recommends: 1) that the Commission take no action on modifying the self-reporting process for 2008-09; 2) that Commission staff reinforce awareness of the high school graduation requirement and the need to self-certify in 2007-08; and 3) that the Commission conduct a similar study next year.
2. Uniform Policies for Advisory Bodies. At the request of Chair Fousekis, Ms. Hernandez will present GAC's recommendations to the Commission during Agenda Item 9.b – Consideration of Uniform Policies for Advisory Bodies.
3. Proposed 2007 Discussion Topics. GAC recommends the following topics for review and discussion in the upcoming year:
 - Process for determining the State-specific eligibility requirements in the Cal Grant program.
 - Special eligibility requirements for students in non-standard terms.
 - Implementation of the new reconciliation process.
 - Cal Grant Competitive Program selection criteria.
 - Calculation of interest for Cal Grant funds that are held in interest-bearing accounts.
4. Proposed 2007 Calendar of Meetings. GAC recommends three (3) in-person full-day meetings in March and May, plus a planning retreat in October. Additionally, GAC recommends six (6) half-day teleconference meetings, three of which to be scheduled in December, January and February.

Commissioner Friedlander requested that staff include the GAC Chair's Report in the agenda material, if it is made available prior to the Commission meeting, so the Commission may review it in advance.

Agenda Item 7.b – Consideration of Proposed 2007-08 Student Expense Budgets

Paula Rockwell, Manager of the Research & Policy Analysis Branch, provided an overview of the Student Expense Budgets, which are used by colleges and universities in their needs analysis calculations. Ms. Rockwell clarified that the student expense budgets use the Consumer Price Index and institutions may adjust the budgets by entering specific data such as projected increases in institutional charges.

On **MOTION** by Commissioner Johnston, **SECONDED** and **CARRIED**, the Commission **APPROVED** by Roll Call Vote the proposed 2007-08 Student Expense Budgets.

Agenda Item 7.c – Consideration of Cal Grant Selection Criteria

Ms. Rockwell provided an overview of the Cal Grant Selection Criteria, which are used to select award recipients for the Cal Grant A and B Competitive Award process and the two percent of new Cal Grant B High School Entitlement recipients.

On **MOTION** by Commissioner Ortiz, **SECONDED** and **CARRIED**, the Commission **APPROVED** by Roll Call Vote the development of the 2007-08 Cal Grant Selection Criteria based on the methodology approved for the 2006-07 process.

Agenda Item 7.d – Consideration of Proposed Regulations for State Facilities Assumption Program of Loans for Education (SNAPLE for Nurses in State Facilities)

Catalina Mistler, Acting Chief of Program Administration Services, presented the proposed regulations for the new State Nursing Assumption Program of Loans for Education Program for Nurses in State Facilities (SNAPLE-NSF), which is designed to recruit and retain registered nurses in California State facilities. For each year of the participant's service, the Commission assumes up to \$5,000 a year for up to four years, for a maximum of \$20,000 in loan assumption benefits. Ms. Mistler reported that staff solicited feedback and recommendations regarding the proposed regulations from GAC and other stakeholders, including the Board of Registered Nurses. It was noted that staff must still incorporate the Board's recommendations into the regulations as they were received only recently.

Ms. Mistler added that upon the Commission's authorization for Commission staff to move forward, staff will submit the forms and proposed draft regulations to the Office of Administrative Law (OAL). Once approved by OAL the 45-day comment period will begin. Any substantial changes made to the proposed regulations after the initial 45-day comment period will be brought to the Commission for approval. The revisions must then go out for another 15-day comment period. Commission staff anticipates presenting a final draft to the Commission for approval before April so that staff can distribute applications and make the 40 awards available for the 2006-07 academic year.

Concerns were raised regarding sufficient time for the public to comment, and for staff to make revisions and obtain Commission approval each time. Chief Deputy Director Keith Yamanaka explained that the Commission may delegate some initial authority to the Executive Director to move forward with the public comment period with the understanding that the final draft would be submitted to the Commission for final adoption.

On **MOTION** by Chair Fousekis, **SECONDED** and **CARRIED**, the Commission **APPROVED** by Roll Call Vote the authorization for staff to take the necessary steps, including revisions in the text of the proposed SNAPLE-NSF regulations that may be required by the Department of Finance or as otherwise necessary to correct the text, prepare all required documents to begin the regulatory process, and bring the revised regulations back to the Commission if there is substantial change and for final adoption.

Agenda Item 7.e – Consideration of Proposed Regulations for State Facilities Assumption Program of Loans for Education (SNAPLE for Nursing Faculty)

Ms. Mistler presented the proposed regulations for the new SNAPLE for Nursing Faculty program, which is designed to encourage students to become nursing faculty. After a participant provides service as a nursing faculty at a California College, the Commission will assume up to \$25,000 for three years of teaching service.

Ms. Mistler explained that previously proposed SNAPLE for Nursing Faculty regulations were adopted by the Commission in April 2006 and staff was preparing for another 15-day comment period when the passing of Assembly Bill (AB) 1802 and Senate Bill (SB) 1309 - which allows undergraduate students to participate and removes the financial need requirement for graduate students - required significant and substantive changes to the program. As a result, staff was advised by legal counsel to begin a new regulatory process. Ms. Mistler added that the new proposed regulations were presented to GAC at its October meeting and staff is now requesting authorization to move forward with the regulatory process similar to the process previously discussed under Agenda Item 7.e.

On **MOTION** by Commissioner Ortiz, **SECONDED** and **CARRIED**, the Commission **APPROVED** by Roll Call Vote the authorization for staff to take the necessary steps, including revisions in the text of the proposed SNAPLE for Nursing Faculty regulations that may be required by the Department of Finance or as otherwise necessary to correct the text, and prepare all required documents to begin the regulatory process.

Agenda Item 7.f – Update on Report on the Study to Assess the Accuracy of Self-Reported High School Graduation Data

Ms. Rockwell summarized the results of the study to assess the accuracy of self-reported high school graduation data and indicated that there does not appear to be a problem. She added that GAC recommends that Commission staff follow up again next year.

Commissioner Friedlander requested that the Commission obtain a legal opinion to establish whether the Commission's current process for pre-graduation self-certification is as comprehensive as possible and complies with the statute, which requires a person to be a high school graduate to be eligible for a Cal Grant Entitlement award.

Chair Fousekis added that the legal question should also include whether the self-certification is sufficient. Kathy Lynch, Deputy Attorney General, indicated she would be able to provide a legal opinion within thirty days of receiving the specific question.

Additionally, Chair Fousekis requested an audit on the high school graduation self-certification process. Janet McDuffie, Chief, Management Services and Acting Chief, Federal Policy & Programs, reported that the Department of Finance (DOF) is currently

conducting an audit on the new Cal Grant program eligibility, which can include high school graduation as an element.

Agenda Item 7.g – Update on Student Expense and Resources Survey (SEARS)

Ms. Rockwell reported briefly on the SEARS survey, which is conducted every three years to determine student expenses and develop selection criteria. She remarked that staff is on target with regard to the SEARS timeline and Commission and EDFUND staffs are working jointly to develop an online survey.

Agenda Item 7.h – Update on 2007-08 Cal Grant Program Income and Asset Ceilings

Ms. Rockwell reported on the 2007-08 Cal Grant Program Income and Asset Ceilings, the methodology for which is set by DOF. Executive Director Michel added that the final income and asset information is included in the Budget annually and approved by the Governor and the Legislature.

Agenda Item 7.i – Update on Cal Grant Reconciliation Issues Relating to Summer Sessions

Ms. Mistler summarized the results of research conducted on the feasibility of the October 15 deadline with respect to summer term reconciliation and noted that further research will be undertaken to explore extending the October 15 deadline.

Agenda Item 7.j – Update on Chafee Foster Youth Grant Program

Ms. Mistler reported that of the \$13.5 million available for the 2006-07 academic year, the Commission has awarded 1,774 students and expended \$8.1 million. She indicated that staff continues to work with the institutions to complete their needs analysis reports, as well as with DSS to identify the DSS records.

Ms. Mistler remarked that staff will continue to award on a weekly basis until the funds are depleted. She added that staff is working closely with DSS on the 2006-07 applications, allowing students to apply earlier and schools to begin processing needs analysis reports earlier.

AGENDA ITEM 9 – PERSONNEL, EVALUATION AND NOMINATIONS (PEN) ISSUES

Agenda Item 9.a – Consideration of Nominations to Advisory Bodies

On **MOTION** by the Committee and **CARRIED**, the Commission **APPROVED** by Roll Call Vote the following advisory body appointments:

Grant Advisory Committee

- Marco De La Garza, California Community Colleges Representative, for the term November 29, 2006 to November 29, 2008
- Sally Mae Pace, K through 12 Schools Representative, for the term November 29, 2006 to November 29, 2008

- Lora Jo Bossio, University of California Representative, for the term November 29, 2006 to November 29, 2008

Grant Advisory Committee and Loan Advisory Council

- Javier Gamboa, California State University Student Representative, for the term November 29, 2006 to November 29, 2008

At Committee Chair Furay's request, Chair Fousekis agreed to have the Commission discuss agenda item 9.c and 9.d out of order.

Agenda Item 9.c – Consideration of Designation EDFUND Employee Directors

On **MOTION** by the Committee and **CARRIED**, the Commission **APPROVED** by Roll Call Vote the EDFUND Employee Director designation to the EDFUND Board of Directors:

- Molly Greek, Director, EDFUND Client Services, Northern California Region

Agenda Item 9.d – Consideration of Designation of EDFUND Directors

On **MOTION** by the Committee and **CARRIED**, the Commission voted to **APPROVE** by Roll Call Vote the designation of Dale Rogers Marshall to the EDFUND Board of Directors.

On **MOTION** by the Committee and **CARRIED**, the Commission voted to **APPROVE** by Roll Call Vote the designation of Conny Jamison to the EDFUND Board of Directors.

Agenda Item 9.b – Consideration of Uniform Policies for Advisory Committees

Committee Chair Furay reported that the revised Uniform Policies for Advisory Committees, as presented, incorporated the recommendations from the Grant Advisory Committee (GAC) (specifically, bullets 2, 3 and 4 in the GAC Chair's Report) as follows:

1. (2nd bullet) Once a student member graduates or is no longer enrolled in the segment he/she represents, the student should be permitted to serve up to six months of the remaining term to maintain student representation during the period required for approval of a new student representative. [Chapter Two, Section 5.2]
2. (3rd bullet) The policies should clarify that the advisory body chair is to ensure that meetings are conducted in accordance with the Bagley-Keene Open Meeting Act, and the assumed responsibility that the Chair is responsible for committee member conduct outside of that meeting should be eliminated. [Chapter 4, Section 2.2]
3. (4th bullet) All GAC members serve a two-year term, except those who are the system representatives of the University of California, California State University, California Community Colleges and private nonprofit postsecondary education institutions, who should serve for terms designated by the nominating authority for their segment. [Chapter 7, Section 6.1]

Committee Chair Furay noted that GAC raised an issue regarding whether Federal Family Education Loan (FFEL) Program participation should be a membership requirement of the Loan Advisory Council (LAC). The PEN Committee discussed the issue and recommended

that, since the statute does not specify as it does in other places, the Commission should approve the Uniform Policies as presented. She added that the Commission can always change it, whether the Legislature specifies it or not, but that the PEN Committee did not feel it had enough information to do that.

Questions were raised regarding the provision that no travel expenses will be reimbursed for other meetings (i.e. workgroups, special meetings and ad hoc meetings) unless funding is available and approved in advance, and that student representatives may petition the Executive Director for travel cost reimbursement if not otherwise reimbursed by their segments. It was clarified that, although some segmental representatives are reimbursed by their segments, historically, student representatives were not reimbursed and were unable to attend meetings due to lack of funds.

There was discussion regarding the provision which indicates that notice is not required if a meeting consists of "less than three members." It was suggested that the policy be revised to indicate that notice is not required if there is "less than a quorum." [Chapter 3, Section 1.2] Additionally, a question arose regarding the requirement that the advisory bodies shall abide by the Bagley-Keene Open Meeting Act and the issue that the advisory body cannot ask legal counsel if it has a question on how to proceed during a meeting. [Chapter 3, Section 1.1] After further discussion of these issues, it was decided that a Commissioner would consult with Deputy Attorney General Lynch to help resolve them, and possibly bring the issues back to the Commission the following day.

On **MOTION** by Commissioner Friedlander, **SECONDED** and **CARRIED**, the Commission **VOTED** by Roll Call Vote to **TABLE DISCUSSION** until the November 30, 2006 Commission meeting, or if the issues cannot be resolved by then, until the next Commission meeting.

Agenda Item 9.e – Consideration of EDFUND Executive Compensation Policy [Item 11 of BSA Recommendations – Status Update]

Committee Chair Furay indicated that this topic is stated incorrectly and clarified that it is about the EDFUND Executive Incentive Compensation Policy, not about the base salaries. She reported that the PEN Committee delayed discussion the day before because the policy is not ready.

Agenda Item 9.f – Consideration of Revised Commission Policy on EDFUND Incentive Compensation [Item 12 of BSA Recommendations – Status Update]

Committee Chair Furay reported that the PEN Committee did not discuss this item because the policy is not ready.

AGENDA ITEM 10 – FISCAL POLICY AND LONG-RANGE PLANNING ISSUES

Chair Fousekis deferred discussion of Agenda Item 10 (Fiscal Policy & Long-Range Planning Issues) until after the Closed Session (Agenda Item 11). The items scheduled for discussion on November 29, 2006, but postponed until a later date, are:

- 10.a – Consideration of 2005-06 and 2006-07 Loan Program Executive Incentive Compensation Program Methodology
- 10.b – Update on Space Planning

ADDITIONAL COMMENT

Chair Fousekis announced that the Commission would convene into Closed Session (Agenda Item 11) on November 30, 2006 to discuss EDFUND Executive Incentive Compensation awards. He went on to explain the Executive Incentive Compensation protocol, which provides that the EDFUND Board makes a recommendation, the Executive Director provides comments and the Chair of the Commission either approves the recommendations or makes other recommendations. Chair Fousekis added that he has made other recommendations and the issue will come before the full Commission for final resolution on November 30, 2006.

Chair Fousekis stated that the Commission would also discuss the working capital reserve issue during the November 30, 2006 Closed Session, but as he reported to the Department of Finance, the Commission will not take action. A teleconference meeting will be scheduled the week of December 15 during which the Commission is expected to take a final vote to adopt the policy.

PUBLIC COMMENT

Ms. Hernandez, GAC Chair, revisited the issue of advisory bodies having access to legal counsel. Chair Fousekis suggested that legal counsel be present during the meetings subject to the caveat that the counsel is not necessarily counsel for the committee, but could warn members if they are doing something they should not do.

The meeting of the California Student Aid Commission was adjourned at 5:22 p.m.

RECONVENING OF THE COMMISSION MEETING

The meeting of the California Student Aid Commission re-convened on Thursday, November 30, 2006, at 3300 Zinfandel Drive, Rancho Cordova, California.

Chair James Fousekis called the meeting to order at 8:30 a.m.

The following Commission Members were present:

James Fousekis, Chair
Louise McClain, Vice Chair
Michele Dyke, Secretary
Dean Johnston, Treasurer (via Telephone)
Chad Charton
Daniel Friedlander
Sally Furay
Dennis Galligani
Alice Perez

The following Commission Member was absent:

Josefina Baltodano
Rory Diamond
J. Michael Ortiz
David Roth
Joseph Yew

PUBLIC COMMENT

There was no public comment.

AGENDA ITEM 11 – CLOSED SESSION

The Commission adjourned the OPEN SESSION and immediately convened into CLOSED SESSION at 8:34 a.m. to discuss and take action on proprietary matters pursuant to California Education Code, Section 69525(g)(3) and personnel-related issues pursuant to Government Code 11126(a)(1).

RECONVENE TO OPEN SESSION

Chair Fousekis reconvened the OPEN SESSION of the Commission meeting at 12:20 p.m. and reported that the Commission took no reportable action during CLOSED SESSION.

PUBLIC COMMENT

There was no public comment.

Due to timing issues, Chair Fousekis directed the Commission to discuss Agenda Item 12.a out of order.

AGENDA ITEM 12 – AUDIT ISSUES

Agenda Item 12.a – Consideration of Ratification of the Commission’s Contract with The Results Group for Consulting Services Regarding Roles and Responsibilities of CSAC and EDFUND

Committee Chair Johnston provided a brief summary of the State process for selecting the consultant to assist the Commission with the roles and responsibilities of the Commission and EDFUND. He explained that the initial Request for Proposal (RFP) did not elicit much interest from contractors with significant loan experience. As a result, staff asked the Department of General Services (DGS) if the Commission could bring in two organizations to perform the work, one acting as lead with the other possessing loan expertise. Ms. McDuffie confirmed that DGS granted approval to the Commission to move forward with the contract.

Commissioner Friedlander requested that the minutes of the meeting reflect his concern regarding the need to examine the roles and responsibilities from both the managerial and statutory points of view. He pointed out that when he raised the issue at the Joint Commission and EDFUND Board Workshop in July, the Commission decided that it would obtain a Legislative Counsel and/or Attorney General Opinion for the statutory interpretation, as well as an outside consultant with regard to the managerial aspects. Commissioner Friedlander was notified by the consultants that they would review the statutory framework only in terms of background information, but would play no role with regard to interpretation of the statute, which he believes leads to a lot of problems in terms of the meaning of the Commission’s legal oversight responsibility. He noted that what the Commission is able to do under the management point of view might be different from what the Commission is able to do under the statutory and regulatory framework.

Chair Fousekis asked Deputy Attorney General Lynch to review the consultants’ recommendations for consistency with State law and the Commission’s obligations before the Commission considers implementing them. Chair Fousekis also requested that Committee Chair Johnston inform the consultants of the direction the Commission is taking so that they avoid proposing a recommendation that does not consider this process.

On **MOTION** by Chair Fousekis, **SECONDED** and **CARRIED**, the Commission **APPROVED** by Roll Call Vote the ratification of the Commission’s contract with The Results Group for consulting services regarding roles and responsibilities of CSAC and EDFUND in the amount of \$310,000.00.

AGENDA ITEM 10 – FISCAL POLICY AND LONG-RANGE PLANNING ISSUES (CONT.)

In the interest of time, Chair Fousekis skipped discussion of the following agenda items:

- 10.c – Consideration of Proposed Closed Session Policies and Procedures
- 10.d – Consideration of the Commission’s Strategic Plan Time Line
- 10.e – Consideration of Guiding Principles for the 2007-08 Budget Discussions
- 10.h – Loan Advisory Council Chair’s Report of the November 9, 2006 Meeting

Agenda Item 10.f – Consideration of Amendment/Extension to the Operating Agreement between CSAC and EdFUND to Extend the Term of the Agreement

Ms. McDuffie reported that the current Operating Agreement was initially extended to January 31, 2007. She added that The Results Group is expected to provide a draft report on the roles and responsibilities to the Commission at its February meeting, and at that time, staff will begin working on changes needed for the new Operating Agreement. Staff anticipates proposing a new Operating Agreement to the Commission in April, and then begin the 45-day review period by the Department of Finance (DOF) and the Joint Legislative Budget Committee (JLBC). Ms. McDuffie indicated that staff recommends an extension to June 30, 2007 to provide some additional time if needed.

On **MOTION** by Commissioner Perez, **SECONDED** and **CARRIED**, the Commission **APPROVED** by Roll Call Vote the Operating Agreement Amendment/Extension with a June 30, 2007 extension date and authorization for the Executive Director to execute the extension, provided it remains substantially the same after a review by DOF and JLBC.

Agenda Item 10.g – Consideration of Ratification of Commission’s Contract with COMSYS for Services Related to Implementation of Phase I of the Grant Delivery System Service Oriented Enhancement in the Amount of \$432,000

Ms. McDuffie reported that at its September 25, 2006 meeting, the Fiscal Policy & Long-Range Planning (Fiscal) Committee took the following actions:

1. The Fiscal Committee recommended that the Commission Chair authorize the Executive Director to enter into the contract with COMSYS on an emergency basis in order to provide the Information Technology Services Division with the capability to continue operating on a day-to-day basis while working on the real-time enhancement of the Grant Delivery System (GDS), and
2. The Fiscal Committee recommended that the Commission ratify the COMSYS contract at the November 29, 2006 meeting.

On **MOTION** by Commissioner Galligani, **SECONDED** and **CARRIED**, the Commission **APPROVED** by Roll Call Vote the ratification of the Commission contract with COMSYS for \$432,000.00.

AGENDA ITEM 9 – PERSONNEL, EVALUATION AND NOMINATIONS (PEN) ISSUES (CONT.)

Agenda Item 9.b – Consideration of Uniform Policies for Advisory Committees

The Commission had previously tabled discussion of this item until the issues raised during the November 29, 2006 meeting could be resolved through consultation with legal counsel.

Commissioner Friedlander reported that he met with Chief Deputy Director Yamanaka and Deputy Attorney General Lynch and all came to an agreement with regard to some slightly amended language that would ensure the policies conform to existing statute. He presented

a redlined document with the following proposed amendments to Chapter Three of the *Uniform Policies and Procedures for Advisory Bodies* (Tab 9.b.1):

1. Page 7, Section 1.2 - **Delete** "If a meeting consists of less than three (3) members of any advisory body, ad hoc committee, special committee or workgroup, notice is not required" and **replace with** "If an ad hoc committee, special committee or workgroup consists of less than three (3) members, notice is not required."
2. Page 7, Section 1.3 – **Delete** entire section.
3. Page 7, Section 1.4 – **Delete** "1.4" and **replace with** "1.3."
4. Page 8, Section 3 – **Delete** the bullet "Public Participation" because "Public Comment" is already included in the Order of Business.
5. Page 9, Section 6.2 – **Delete** "take action on any agenda" and **replace with** "discuss and consider."
6. Page 9, Section 7.1 – **Delete** "To facilitate timely agenda management, requests to address the advisory body should be made in advance of scheduled discussions, preferably in a written request to the chair. The chair shall determine the order in which comments are offered, and comments may be limited to no more than five minutes, as determined by the chair. A longer period of comment may be permitted, at the discretion of the chair."
7. Page 9, Section 7.2 – **Delete** "a vote" and **replace with** "or during consideration of an agenda item."
8. Page 9, Section 8 – **Delete** entire section, including section 8.1 and 8.2.
9. Page 9, Section 9 – **Delete** "9." and **replace with** "8."

Executive Director Michel mentioned there was concern that the advisory bodies cannot consult with legal counsel, and that there could be some question about closed session. She clarified for the record that the Commission's closed session exemptions are related to personnel and proprietary issues. The advisory bodies do not have the authority to go into closed session.

On **MOTION** by Chair Fousekis, **SECONDED** and **CARRIED**, the Commission **APPROVED** by Roll Call Vote the proposed *Uniform Policies and Procedures for Advisory Bodies*.

Vice Chair McClain directed staff to provide final copies to all Commissioners and advisory committees.

AGENDA ITEM 13 – GOVERNMENTAL RELATIONS ISSUES

The Commission skipped discussion of the following informational items:

- 13.a – Consideration of State Legislative Principles
- 13.b – Update on State Legislative Principles
- 13.c – Update on Federal Activities

ADDITIONAL COMMENT

Chair Fousekis summarized the items that the Commission will need to revisit in closed session: personnel issues, incentive compensation and the working capital reserve policy.

He requested that EDFUND staff provide a report on the status of the 2006-07 Executive Incentive Compensation at the closed session scheduled for the following Sunday. Executive Director Michel remarked that Commission staff has requested, but not received, information from Watson Wyatt that is needed in order to move forward. She asked that EDFUND direct the consultant to provide the information. Chair Fousekis asked EDFUND staff to do so.

Clarification was requested regarding Agenda Item 10.e - Consideration of Guiding Principles for the 2007-08 Budget Discussions and whether the revised text in the Loan Program Guiding Principles (Tab 10.e.2) represents disagreement between the Commission and EDFUND staffs.

Ms. McDuffie explained that the Commission and EDFUND staffs were unable to meet and discuss the principles so the revisions are Commission staff's proposed edits, which are consistent with State policy. She remarked that last year, the Commission had asked staff to return the administrative and Cal-SOAP costs to the General Fund. However, in order to be consistent with State policy, staff proposes to remove that language and indicate that during this budget process, we understand we are going to continue funding the costs for the programs through the Operating Fund.

PUBLIC COMMENT

There was no other public comment.

The meeting of the California Student Aid Commission adjourned at 12:50 p.m.

Michelle Dyke, Secretary