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# 1.a

## Action Item

### *California Student Aid Commission*

#### Consent Calendar

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**Recommended Action:** Approve the consent agenda, including:

November 19, 2009 and December 7, 2009 minutes.

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**CALIFORNIA STUDENT AID COMMISSION  
MEETING MINUTES  
November 19, 2009**

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A meeting of the California Student Aid Commission was held on Thursday, November 19, 2009 at the Office of the Secretary of State, 1500 Eleventh Street, Sacramento, California.

Chair Barry Keene called the meeting to order at 8:10 a.m.

The following Commission Members were present:

Barry Keene, Chair  
Lorena Hernandez, Vice Chair  
Yasmin Delahoussaye, Secretary  
Lynne de Bie  
Alexander Gonzalez  
Lawrence Hershman  
Enrique Murillo  
Israel Rodriguez  
Antonio Solórzano, Jr.  
Fred Wood

The following Commission Members were absent:

Bonaparte Liu  
Patricia Fong Kushida

Roll Call was taken and a quorum was recognized.

**CHAIR'S REPORT**

Chair Keene introduced the newest Commission appointments, including Commissioners Alexander Gonzalez, Lawrence Hershman and Fred Wood.

Chair Keene asked for public comment and, hearing none, proceeded to the next agenda item.

**AGENDA ITEM 1 - CONSENT CALENDAR (Action)**

The Commission unanimously APPROVED the Consent Calendar, which included the following items:

- a. Minutes of August 18, 2009 and September 3, 2009
- b. Consideration of revisions to the 2009-10 California Student Opportunity and Access Program (Cal-SOAP) Contracts
- c. Commission meeting calendar for 2010

**AGENDA ITEM 2 – BUDGET UPDATE (Information)**

Ms. Janet McDuffie, Chief of Administration & External Affairs, presented a high-level overview of the Commission’s budget and priorities. Public comments were provided by:

- Ms. Monica Montenegro, Project Director, East Bay Cal-SOAP Consortium;
- Ms. Pat Hurley, Vice President of State Issues, California Association of Student Financial Aid Administrators (CASFAA); and
- Ms. Yvette Santana-Soto, Project Director, North Valley Cal-SOAP Consortium.

Ms. Montenegro described the impact of budget reductions on the East Bay Cal-SOAP consortium’s call center.

Ms. Hurley, on behalf of CASFAA, and Ms. Santana-Soto, on behalf of the statewide Cal-SOAP chairs, expressed concern about the suspension of the Commission’s advisory committee meetings and urged the Commission to resume the meetings. CASFAA wishes to work with the Commission to ensure communication lines are maintained without being burdensome to the Commission.

Executive Director Fuentes-Michel explained that due to the Commission’s lack of resources coupled with its increased workload, the existing communication structure cannot be supported and must be revised. She indicated that the Commission must identify its priorities with regard to its responsibilities mandated by Assembly Bill 187.

**AGENDA ITEM 3 – DISCUSSION OF AB 187 AND THE COMMISSION’S RESPONSIBILITIES IN ESTABLISHING A PILOT PROGRAM FOR AN ALTERNATIVE CAL GRANT DELIVERY SYSTEM (Information/Action)**

Ms. Keri Tippins, General Counsel and Chief of Legal and Audit Services, presented background information on Assembly Bill (AB) 187 and provided a handout of the text of the bill. She reported that AB 187 requires the Commission to 1) make a finding that, with the restoration of \$4.3 million to the Commission’s budget, the Commission has sufficient funds to operate the Cal Grant program; and 2) convene an advisory task force within 15 days to discuss the technical and data requirements of the pilot program.

The Commission agreed to include representatives of each of the education segments, including members of the existing financial aid process enhancement workgroup and the California Roundtable on Education, in the composition of the AB 187 advisory task force.

Some discussion ensued regarding institution participation in the pilot program and Mr. Dean Kulju, California State University Chancellor’s Office, provided public comment.

**AGENDA ITEM 4 – CONSIDERATION OF A DETERMINATION, AS REQUIRED BY AB 187, THAT SUFFICIENT FUNDING EXISTS FOR THE COMMISSION TO CONDUCT ITS REGULAR OPERATIONS FOR ADMINISTERING THE CAL GRANT PROGRAM (Action)**

On **MOTION** by Commissioner Murillo, **SECONDED** and **CARRIED**, the Commission **ADOPTED** by ROLL CALL VOTE the following determination:

“With the restoration of the \$4.3 million to the Commission’s 2009-10 state operations budget and no additional budget reductions beyond those required by the 2009-10 Budget Act during the development and implementation of a pilot Cal Grant alternative delivery system, sufficient funding exists for the Commission to conduct its regular operations for administering the Cal Grant Program. Should the Commission be subject to additional reductions, beyond those identified, the Commission will be unable to continue the pilot program.”

Additionally, the Commission directed Commission staff to move forward with arranging a meeting of the AB 187 advisory task force within the 15-day requirement.

*The Commission discussed the following agenda item out of sequence.*

**AGENDA ITEM 6 – CONSIDERATION OF ADOPTION OF EMERGENCY REGULATIONS, SECTIONS 30730-30736, TITLE 5, CALIFORNIA CODE OF REGULATIONS, DIVISION 4, CHAPTER 1, TO INTERPRET, IMPLEMENT AND MAKE SPECIFIC SECTIONS 69999.10-69999.30 OF THE EDUCATION CODE, IMPLEMENTING THE CALIFORNIA NATIONAL GUARD EDUCATION ASSISTANCE AWARD PROGRAM (CNG EAAP) (Action)**

Ms. Catalina Mistler, Chief of Program Administration & Services, reported that Commission staff is currently working with the Military Department to identify CNG EAAP administration costs and construct a plan to ensure that staff can administer this program as well as the Commission’s other programs.

Colonel John Crocker, Director of Government and Public Affairs for the Military Department, presented an overview of the California National Guard and the CNG EAAP. Lieutenant Colonel Thor Iljuana provided additional comments.

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission **APPROVED** the staff recommendation to adopt proposed regulations and accompanying documents, request that the effective date of the regulations be the date of filing, and authorize staff to take the necessary steps to complete the regulatory process.

**AGENDA ITEM 5 – DISCUSSION OF THE UPCOMING JOINT COMMITTEE ON THE MASTER PLAN FOR HIGHER EDUCATION (Information/Action)**

Ms. Lori Nezhura, Legislative Liaison, presented an update on the Master Plan for Higher Education and the joint legislative committee appointed to review the plan and develop a more effective framework for higher education. Ms. Nezhura also provided a summary of the Legislative Analyst’s Office assessment of the Master Plan.

Executive Director Fuentes-Michel presented for the Commission’s consideration the policy issues, which she proposes to discuss at the first hearing of the Joint Committee on the Master Plan for Higher Education scheduled for December 7, 2009. Chair Keene requested that the new committee members indicate their preferences.

**AGENDA ITEM 7 – CONSIDERATION OF ADOPTION OF AMENDMENTS TO TITLE 5, CALIFORNIA CODE OF REGULATIONS, DIVISION 4, CHAPTER 1, SECTIONS 30701-30709 TO INTERPRET AND MAKE SPECIFIC SECTIONS 69612-69615.8 OF THE EDUCATION CODE, IMPLEMENTING THE ASSUMPTION PROGRAM OF LOANS FOR EDUCATION (APLE) (Action)**

Ms. Mistler provided a brief summary of the proposed changes to the Education Code pertaining to APLE. Some discussion followed.

On **MOTION** by Commissioner Murillo, **SECONDED** and **CARRIED**, the Commission APPROVED the staff recommendation to adopt the proposed regulations and accompanying documents, request that the effective date of the regulations be the date of filing, and authorize staff to take the necessary steps to complete the regulatory process.

**AGENDA ITEM 8 – PRESENTATION OF THE JUNE 30, 2009 OPERATING FUND AND FEDERAL FUND FINANCIAL STATEMENTS FOR FEDERAL STUDENT LOAN PROGRAM (Information/Action)**

Ms. McDuffie provided an overview of the annual financial reporting that is required of the Commission and EdFund. Ms. Tina Treis, Perry-Smith Partner, presented the June 30, 2009 Operating Fund and Federal Fund audited financial statements.

On **MOTION** by Commissioner Hershman, **SECONDED** and **CARRIED**, the Commission ACCEPTED the Operating Fund and Federal Fund audited financial statements for the year ended June 30, 2009.

**AGENDA ITEM 9 – EXECUTIVE DIRECTOR’S REPORT (Information), INCLUDING**

***Item 9.a –EdFund Report (Information)***

Executive Director Fuentes-Michel presented highlights of her written report. General discussion followed regarding Cal Grant application processing.

**AGENDA ITEM 10 – CONSIDERATION OF APPROVAL OF INCOMPATIBLE ACTIVITIES REQUEST (Action)**

Ms. Tippins provided a brief overview of the Commission’s “Incompatible Activities Policy and Guidelines.” She presented Executive Director Michel’s request for approval to teach classes for the University of San Francisco and stated that there is no prohibition based in the law that would not allow Executive Director Michel to take the position.

On **MOTION** by Commissioner Murillo, **SECONDED** and **CARRIED**, the Commission APPROVED the Executive Director’s request for authority to teach classes for the University of San Francisco.

**CLOSED SESSION**

Chair Keene announced that the California Student Aid Commission would meet in CLOSED SESSION to discuss and possibly take action on personnel matters pursuant to California Government Code, section 11126(a)(1), business matters of a proprietary nature pursuant to California Education Code, section 69525(g)(3) and pending litigation pursuant to California Government Code, section 11126(e)(1). Topics will include:

**AGENDA ITEM 11 – PERSONNEL ITEM**

*Item 11.a – Evaluation of the Executive Director’s Performance (Action)*

**AGENDA ITEM 12 – LOAN PROGRAM ITEMS**

*Item 12.a – Sale of Student Loan Guarantee Program Assets (Information/Action)*

*Item 12.b – Consideration of adoption of a full-year 2009-10 loan program business plan and budget (Action)*

**AGENDA ITEM 13 – PENDING LITIGATION**

**BERSINGER V. CALIFORNIA STUDENT AID COMMISSION,**  
**SACRAMENTO SUPERIOR COURT, CASE NO. 07AS02816**  
**(Information/Action);**

**LINTON, ET AL. V. MBTI INC., ET AL.,** US DISTRICT COURT,  
**EASTERN DISTRICT OF WISCONSIN, CASE NO 2:2005CV00448**  
**(Information/Action)**

Thereupon, the Commission resolved into CLOSED SESSION at 12:55 p.m.

**RECONVENE IN OPEN SESSION**

Chair Keene reconvened the OPEN SESSION at 3:10 p.m., and had no items to report.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 3:34 p.m.

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SECRETARY

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**CALIFORNIA STUDENT AID COMMISSION  
TELECONFERENCE MEETING MINUTES  
December 7, 2009**

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A teleconference meeting of the California Student Aid Commission was held on Monday, December 9, 2009 at the Headquarters Executive Conference Room, 10834 International Drive, Rancho Cordova, California and at the additional locations listed on the meeting notice dated November 25, 2009.

Chair Barry Keene called the meeting to order at 3:07 p.m.

The following Commission Members were present:

Barry Keene, Chair  
Lorena Hernandez, Vice Chair  
Yasmin Delahoussaye, Secretary  
Lynne de Bie  
Patricia Fong Kushida  
Bonaparte Liu  
Israel Rodriguez  
Antonio Solórzano, Jr.  
Fred Wood

The following Commission Members were absent:

Alexander Gonzalez  
Lawrence Hershman  
Enrique Murillo

Roll Call was taken and a quorum was recognized.

Chair Keene asked for public comment and, hearing none, proceeded to the next agenda item.

**CLOSED SESSION**

Chair Keene announced that the California Student Aid Commission would meet in CLOSED SESSION to discuss and possibly take action on business matters of a proprietary nature pursuant to California Education Code, section 69525(g)(3) and pending litigation pursuant to California Government Code, section 11126(e)(1). Topics will include:

**AGENDA ITEM 1 – LOAN PROGRAM ITEM**

***Item 1.a – Consideration of EdFund Incentive Compensation for FY 2008-2009  
(Information/Action)***

**AGENDA ITEM 2 – PENDING LITIGATION**

***Item 2.a – Consideration of Demand Letter from Counsel for EdFund Executive Management regarding Demand for Payment of FY 2007-2008 Incentive Compensation (Information/Action)***

Thereupon, the Commission recessed OPEN SESSION at 3:10 p.m. and resolved into CLOSED SESSION at 3:15 p.m.

**RECONVENE IN OPEN SESSION**

Chair Keene reconvened the OPEN SESSION at 4:21 p.m., and had no items to report.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 4:23 p.m.

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SECRETARY

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# 1.b

## Action Item

### *California Student Aid Commission*

Consideration of a contract with the California Military Department for administration of the California National Guard Education Assistance Award Program in the amount of \$8,173,000 for 2009-10 through 2011-12

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The California National Guard Education Assistance Award Program (CNG EAAP) is a state funded program designed to provide an educational incentive to improve skills and competencies and abilities for up to 1,000 for active members of the National Guard, the State Military Reserve, or the Naval Militia.

Chapter 12, Statutes of 2009 (AB 12 4th Extraordinary Session) established the CNG EAAP effective January 1, 2009. This new program is to be developed and implemented by the California Military Department (CMD) and the Commission.

Per Education Code §69999.23, costs incurred by the Commission for issuing and processing awards shall be reimbursed through an interagency agreement from appropriations in the annual Budget Act to the CMD for purposes of this article. The CMD estimated that the annual cost of the program would be approximately \$3,637,000. The CMD received \$1,826,000 in the 2009-10 Budget for the CNG EAAP.

The CMD and Commission staffs have worked together to develop the terms of the Interagency Agreement and the amounts to be reimbursed to the Commission as noted below:

- 2009-10
  - \$235,000 for personnel services and operating expenses
  - \$1,509,000 for awards
- 2010-11
  - \$280,000 for personnel services and operating expenses
  - \$3,017,000 for awards
- 2011-12
  - \$115,000 for personnel services and operating expenses
  - \$3,017,000 for awards

The Commission would only continue to administer the CNG EAAP if funding is available.

The Executive Director must obtain approval from the Commission prior to entering into a new contract or executing a contract amendment of over \$100,000.

**Recommended Action:** The Commission authorizes the Executive Director to enter into an Interagency Agreement with the California Military Department for the administration of the California National Guard Education Assistance Award Program in the Amount of \$8,173,000 for 2009-10 through 2011-12 and on an ongoing basis subject to available funding.

**Responsible Person(s):** Janet McDuffie, Chief  
Administration and External Affairs Division

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# 1.c

## Action Item

### *California Student Aid Commission*

Consideration of an amendment to the 2009-10 Interagency Agreement with the Attorney General's Office for legal services to increase the amount of the contract from \$85,000 to \$285,000

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The Commission has a contract in place with The Department of Justice (DOJ) for the period of July 1, 2009 through June 30, 2010 in the amount of \$85,000. Through this contract, DOJ provides the Commission with legal services in the area of employment law. DOJ requested that the Commission amend the existing contract amount by \$200,000 to cover both expended and anticipated costs associated with the Bersinger lawsuit.

The Executive Director must obtain approval from the Commission prior to entering into a new contract or executing a contract amendment of over \$100,000. However, in the event an emergency approval is necessary for a contract of over \$100,000, the Executive Director may approve such contract with simultaneous notification to the Commission. Such emergency approval shall be ratified at the next regularly scheduled Commission meeting, and if not ratified, the contract shall be cancelled.

The Executive Director notified the Commission of the extension request and that she had signed the contract amendment and sent it to the Department of General Services for its review and approval.

**Recommended Action:** Ratify the amendment to the Interagency Agreement with the Department of Justice to increase the amount \$200,000 for a total contract amount of \$285,000.

**Responsible Person(s):** Janet McDuffie, Chief  
Administration and External Affairs Division