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## Action

### *California Student Aid Commission*

#### Consent Calendar

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

- November 20-21, 2008 and December 10, 2008 minutes.

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**CALIFORNIA STUDENT AID COMMISSION  
MEETING MINUTES  
NOVEMBER 20-21, 2008**

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A meeting of the California Student Aid Commission was held on Thursday, November 20, 2008 and Friday, November 21, 2008, at State Capitol Room 447, Sacramento, California.

**THURSDAY, NOVEMBER 20, 2008**

Chair Barry Keene called the meeting to order at 8:40 a.m.

The following Commission Members were present:

Barry Keene, Chair  
Lorena Hernandez, Vice Chair  
Yasmin Delahoussaye, Secretary  
Tomás Arciniega  
Lynne de Bie  
Patricia Fong Kushida  
Enrique Murillo  
Israel Rodriguez  
Antonio Solórzano, Jr.

The following Commission Member was absent:

Bonaparte Liu

Roll Call was taken and a quorum was recognized.

**AGENDA ITEM 1 - CLOSED SESSION**

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

***Item 1.a – Consideration of Evaluation of the Executive Director’s Performance (Action)***

***Item 1.b – Consideration of 2008-09 Annual Loan Program Business Plan, Budget and Goals (Information/Action)***

***Item 1.c – Update on Voluntary Flexible Agreement (VFA) (Information/Action)***

***Item 1.d – Consideration of EdFund Incentive Compensation (Information/Action)***

The Commission resolved into CLOSED SESSION at 8:50 a.m.

**RECONVENE OPEN SESSION**

Chair Keene recessed the CLOSED SESSION and reconvened the Commission meeting into OPEN SESSION at 1:40 p.m. Chair Keene then presented the California Student Aid Commission's Resolution in honor of former Chair, Peter Hankwitz.

**AGENDA ITEM 2 - POLICY DISCUSSION ON IMPACT OF NATIONAL EVENTS ON FEDERAL AND STATE FINANCIAL AID POLICIES**

***Item 2.a – Loan Program Discussion (Information)***

Mr. Ed Emerson, Chief of the Federal Policy & Programs Division, introduced Mr. Larry Zaglaniczny, Vice President of Government Relations for the National Association of Student Financial Aid Administrators (NASFAA) and Dr. Sam Kipp, III, President of EdFund.

Mr. Zaglaniczny provided an overview of President-Elect Barack Obama's higher education plan, which includes:

- The American Opportunity Tax Credit, which provides the first \$4,000 in college costs in exchange for 100 hours of public service a year;
- Simplification of the Free Application for Federal Student Aid (FAFSA);
  - Allows students to know in advance the amount of financial aid they would receive;
  - May require simplification of formulas used to determine aid amounts resulting in a greater number of eligible applicants;
- Early college awareness program, including early awareness assessment tests which provide students with guidance on college entrance requirements;
- Increase in Pell Grant maximum;
- Community college partnership program that would provide grants to community colleges to assess the skills and technical education needed in their communities, to implement new Associate of Arts degrees to meet those needs, and to reward schools for increased graduation and transfer rates; and
- Elimination of the Federal Family Education Loan (FFEL) Program in favor of the Direct Loan Program.

EdFund President Kipp remarked that if the country heads in the direction of Direct Lending, it will be a process of transition and he suggested that the focus be placed on the administration of services and the sources of capital (whether it is government funds or private capital). He added that consumer choice and competition are important issues to keep in mind and noted that neither in Direct Lending with the direct loan servicer, or for FFEL loans that end up with the Federal government and serviced by the same servicer, there is no counseling, default prevention, financial literacy or borrower support services.

Further discussion ensued.

***Item 2.b – Grant Programs Discussion (Information)***

Ms. Lori Nezhura, Legislative Liaison, introduced the following panelists:

- Ms. Gloria Falcón, Manager, Program Policy and Development Branch;
- Ms. Catalina Mistler, Chief, Program Administration and Services Division;

- Ms. Noelia Gonzalez, Vice President of State Issues, California Association of Student Financial Aid Administrators (CASFAA); and
- Mr. Brad Hardison, 2009 President-Elect, California Community Colleges Association of Student Financial Aid Administrators (CCCSFAAA).

Ms. Falcón discussed President-Elect Obama's proposal to streamline the financial aid process by eliminating the current FAFSA and enabling families to apply for financial aid by checking the box on their tax form. The following issues were discussed along with their potential impact on the Cal Grant program:

- IRS information would be more accurate in determining financial aid eligibility and verification by schools would not be required, thereby reducing administrative cost and errors;
- The tax form does not include data needed for Cal Grant purposes, such as parents' educational level, student grade level, or degree or certificate information;
- Low-income applicants who normally do not file taxes may be required to file a tax return for financial aid purposes;
- The deadline to file taxes is April 15, whereas, the priority deadline for Cal Grant and priority institutional aid is March 2.

Ms. Falcón reported that Commission staff plans to provide recommendations for improving the FAFSA through the Negotiated Rulemaking process and the National Conversation Initiative, in consultation with the Grant Advisory Committee (GAC) and stakeholders. The Policy & Legislative Committee will review the changes and proposed enhancements to determine how they will affect the Cal Grant programs.

Ms. Mistler explained that the amount of Veterans' benefits is used to determine Cal Grant need for new Cal Grant recipients but the 2009-10 FAFSA does not ask applicants to report the dollar amount and months received of Veterans' benefits. The Commission has made the necessary changes to accept FAFSAs for the 2009-10 award year, however, there are more Veterans' benefits exclusions resulting from the Higher Education Opportunity Act that will become effective for the 2010-11 award year. The GAC Workgroup will meet to discuss the impact of those exclusions. In addition, the proposals currently under discussion could affect the Commission's various specialized programs as well.

Ms. Gonzalez commented that financial aid offices do not want to see the requirement for a supplemental application that includes additional information needed by the schools and the Commission. More grant funding is available for students, but some of the programs are cumbersome and time-consuming for aid offices to administer, and administrators would rather see more Pell Grant funding. One of the effects of the economy is a large increase in students requesting financial aid at a time when public institutions are experiencing budget cuts.

Mr. Hardison commented on the economic climate, indicating that parents are being laid off and many schools have had to layoff their student employees. There has been an increase in loan volume, so it is very important for colleges to perform loan counseling. In addition, the Governor's mid-year budget proposal would shift categorical funding. Community college campuses are experiencing hiring freezes, additional workload and backlogs, causing some students to consider dropping out due to the delay in the delivery of their financial aid. The Legislative Analyst's Office (LAO) proposes to raise fees at the community colleges, which will result in more students turning to financial aid programs.

More discussion followed including a general discussion on the definition of professional judgment.

**AGENDA ITEM 3 – EDFUND REQUEST FOR PROPOSAL FOR LEGAL SERVICES  
IMMIGRATION MATTERS (Information)**

Ms. Keri Tippins, Commission General Counsel, provided a summary of EdFund’s Request for Proposal for legal services for immigration matters. Mr. David Reid, EdFund’s General Counsel, answered questions regarding the H-1B visa process and the individuals involved.

**CLOSED SESSION**

Chair Keene announced that the Commission would reconvene the CLOSED SESSION to discuss and possibly take action on personnel matters pursuant to California Government Code, section 11126(a)(1). Pursuant to California Education Code, section 69525(g)(3) the Commission would also meet in CLOSED SESSION to discuss and possibly take action on business matters of a proprietary nature. Scheduled topics include agenda items 1.a, 1.b, 1.c and 1.d.

The Commission recessed the OPEN SESSION at 3:45 p.m. The Commission reconvened in CLOSED SESSION at 4:00 p.m. and recessed the CLOSED SESSION at 5:20 p.m.

Thereupon, the November 20, 2008 meeting of the California Student Aid Commission was adjourned until Friday, November 21, 2008.

**FRIDAY, NOVEMBER 21, 2008**

**RECONVENE OPEN SESSION**

Chair Keene reconvened the OPEN SESSION meeting of the California Student Aid Commission at 8:40 a.m. on Friday, November 21, 2008.

The following Commission Members were present:

- Barry Keene, Chair
- Lorena Hernandez, Vice Chair
- Yasmin Delahoussaye, Secretary
- Tomás Arciniega
- Lynne de Bie
- Patricia Fong Kushida
- Enrique Murillo
- Israel Rodriguez
- Antonio Solórzano, Jr.

The following Commission Member was absent:

- Bonaparte Liu

Roll Call was taken and a quorum was recognized.

**PUBLIC COMMENT**

Chair Keene called for public comment and, hearing none, proceeded with his Chair's Report.

**CHAIR'S REPORT**

Chair Keene read into the record the California Student Aid Commission's Resolution in Memoriam for former executive director, Mr. Walter G. Boeck.

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

**AGENDA ITEM 7 – PRESENTATION OF 5-YEAR NATIONAL STUDY OF NEW CASH FOR COLLEGE PERFORMANCE-BASED SCHOLARSHIP MODEL (Information)**

Ms. Despina Costopoulos, California Cash for College Statewide Coordinator, introduced Mr. Tom Brock, Director of MDRC's Young Adults & Postsecondary Education area, and Ms. Michelle Ware, MDRC Operations Associate. Mr. Brock presented a power point on the MDRC organization and the study it conducted in Louisiana on the state's performance-based scholarship program. Ms. Ware discussed how a similar study would work with the California Cash for College program. General discussion followed.

**AGENDA ITEM 4 – EXECUTIVE DIRECTOR'S REPORT (Information)**

In addition to a written report, Executive Director Diana Fuentes-Michel reported the following:

- The Governor has called a Special Session and presented his proposal for mid-year cuts;
- LAO has put forth options for consideration at the Special Session, including its recommendation to raise the Grade Point Average (GPA) requirement for Cal Grant B recipients from 2.0 to 2.5;
- Commission staff is continuing to work on streamlining and reducing expenses resulting from the reductions that occurred in the final budget signed in September 2008;
- There is potential for mid-year reductions to the Commission's operations;
- The Commission is still on track to relocate its headquarters in April 2009;
- The final budget still includes a proposal to sell or transition the auxiliary corporation over the next two years, but it is uncertain whether that will occur; there are still civil service employees assigned to EdFund who would return to the Commission should a sale or transition occur; and
- Commission staff is developing an advocacy plan to communicate information to segmental heads and the Legislature, including 34 new Members.

***Item 4.a – Legislative Update***

A written report was provided.

***Item 4.b – Grant Advisory Committee (GAC) Report***

Ms. Susan Gutierrez, GAC Chair and Financial Aid Director of Sonoma State University, presented her written report of the October 9, 2008 GAC meeting. In addition, Ms. Falcón provided an update on two at-risk institutions that did not meet the Federal and state regulations in terms of being administratively capable. She informed the Commission that the institutions have separate accounts for the Cal Grant program and are being monitored regularly by the U.S. Department of Education and the Commission.

***Item 4.c – EdFund Report***

EdFund President Kipp presented a written report and a general discussion ensued.

**AGENDA ITEM 5 – CONSENT CALENDAR*****Item 5.a – Approval of September 4-5, 2008 and October 23, 2008 Minutes (Action)***

On **MOTION** by Commissioner Fong Kushida, **SECONDED** and **CARRIED**, the Commission APPROVED the minutes of the September 4-5, 2008 and October 23, 2008 Commission meetings.

**AGENDA ITEM 6 – ACTION ON OUTSTANDING FEDERAL DEFAULT FEE INVOICES  
(Action)**

Ms. Janet McDuffie, Chief of Administration & External Affairs, summarized the activities occurring with respect to the Federal Default Fee invoices. Ms. Tina Treis, Partner, Perry-Smith, explained the audit process of the Commission's Operating and Federal Fund financial statements. In addition, Ms. Treis presented and discussed the correspondence between Perry-Smith, the Commission and the Attorney General's Office regarding the payment of default fees. Ms. Tippins and Mr. Reid provided additional commentary about the letters issued by the Deputy Attorneys General who reviewed the Default Fee Strategy in 2006 and 2007.

Further discussion ensued and the Commission agreed to direct the Commission's General Counsel to contact the Attorney General's Office and request a formal opinion.

On **MOTION** by Commissioner Murillo, **SECONDED** and **CARRIED**, the Commission APPROVED BY ROLL CALL VOTE the staff recommendation to deny the reimbursement of EdFund's federal default fee invoices.

Commissioner Fong Kushida OPPOSED.

**AGENDA ITEM 8 – CONSIDERATION OF COMMISSION’S 2009-10 LEGISLATIVE AND BUDGET PRINCIPLES (*Context for Budget/Policy Positions for 2009-10 Legislative Session*) (Action)**

Ms. McDuffie and Ms. Lori Nezhura, Legislative Liaison, presented the proposed 2009-10 Legislative and Budget Principles. There was some discussion and the Commission agreed to add the following objective under Principle #3: “Encourage the expansion of public and private partnerships in the Cash for College program.”

On **MOTION** by Commissioner Fong Kushida, **SECONDED** and **CARRIED**, the Commission **APPROVED** the 2009-10 Legislative and Budget Guiding Principles.

**AGENDA ITEM 9 - CONSIDERATION OF ACTIONS REQUIRED TO IMPLEMENT CAREER TECHNICAL EDUCATION PROVISIONS OF THE 2008-09 STATE BUDGET FOR THE CALIFORNIA STUDENT OPPORTUNITY AND ACCESS PROGRAM (CAL-SOAP) (Information/Action)**

Ms. McDuffie provided an update on the consultation process for determining how to expend the \$1 million set aside in the 2008-09 State Budget for career technical education (CTE) programs and activities through the California Student Opportunity and Access Program (Cal-SOAP). There was also some discussion regarding the timing involved in executing the provisions for this application cycle. Ms. McDuffie reported that a meeting with stakeholders is scheduled for November 24, 2008 and suggested the Commission conduct a teleconference in December to consider a proposal, which the Commission agreed to do.

Ms. Sonia Ramos, Project Director for the San Jose Cal-SOAP Consortium, expressed support for the Cash for College advocacy and CTE awareness, but also supports the ability of the Cal-SOAP consortia to provide awareness and support through its existing services.

Ms. Yvette Santana-Soto with the North Valley Cal-SOAP Consortium commented some counties are served by Cal-SOAP programs that are not included in the regional Cal-SOAP locations, and the consortia has always partnered with the community colleges, specifically with “Transfer: Making It Happen” services. She added that it is more beneficial for students to be served locally.

**CLOSED SESSION**

Chair Keene announced that the Commission would reconvene the **CLOSED SESSION** to discuss and possibly take action on agenda item 1.d.

The Commission recessed the **OPEN SESSION** at 11:15 a.m. and reconvened in **CLOSED SESSION** at 11:30 a.m.

**RECONVENE OPEN SESSION**

Chair Keene reconvened the **OPEN SESSION** at 12:28 p.m. and reported that there was nothing to report from the actions taken or considered in **CLOSED SESSION**.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 12:31 p.m.

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YASMIN DELAHOSSAYE  
SECRETARY

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**CALIFORNIA STUDENT AID COMMISSION  
TELECONFERENCE MEETING MINUTES  
DECEMBER 10, 2008**

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A teleconference meeting of the California Student Aid Commission was held on Wednesday, December 10, 2008 at the Headquarters Executive Board Room at 10834 International Drive, Rancho Cordova, California and various other locations listed on the second amended meeting notice dated December 9, 2008.

Chair Barry Keene called the meeting to order at 11:00 a.m.

The following Commission Members were present:

Barry Keene, Chair  
Yasmin Delahoussaye, Secretary (via telephone)  
Tomás Arciniega (via telephone)  
Lynne de Bie (via telephone)  
Patricia Fong Kushida (via telephone)  
Bonaparte Liu (via telephone)  
Enrique Murillo (via telephone)  
Antonio Solórzano, Jr. (via telephone)

The following Commission Members were absent:

Lorena Hernandez, Vice Chair  
Israel Rodriguez

Roll Call was taken and a quorum was recognized.

**PUBLIC COMMENT**

Chair Keene called for public comment and, hearing none, proceeded with the next agenda item.

**AGENDA ITEM 1 - CONSIDERATION OF ACTIONS REQUIRED TO IMPLEMENT CAREER TECHNICAL EDUCATION PROVISIONS OF THE 2008-09 STATE BUDGET FOR THE CALIFORNIA STUDENT OPPORTUNITY AND ACCESS PROGRAM (CAL-SOAP)**

Ms. Janet McDuffie, Chief of the Administration and External Affairs Division, summarized the discussions that occurred during the series of consultative meetings between Commission staff, the California Department of Education, the Department of Finance, the Office of the Secretary of Education and the California Community Colleges Chancellor's Office.

Ms. McDuffie indicated that staff recommends the Commission approve \$125,000 for Phase I of the \$1 million for Cal-SOAP Career Technical Education, with approximately \$45,000 for the printing and distribution of materials and the development of a customizable template and \$80,000 for the media buys. She added that in the event one contract totaling over \$100,000 is

needed to implement Phase I, staff also recommends that the Commission authorize the Executive Director to enter into that contract. General discussion followed and a Cal-SOAP Project Director asked staff to tentatively schedule a meeting in January 2009 to work with the Cal-SOAP Project Directors on the Phase II component.

On **MOTION** by Commissioner Solórzano, **SECONDED** and **CARRIED**, the Commission APPROVED BY ROLL CALL VOTE the following:

- A. \$125,000 for Phase I of the \$1 million for Cal-SOAP Career Technical Education as follows:
1. Approximately \$45,000 (final amount to be determined upon further consultation) for printing and distributing additional copies of existing career technical education material from the Chancellor's Office of the California Community Colleges (CCCCO), and for developing a customizable template to link the Commission's Cal-SOAP, Cash for College and CalGrants.org to the Who Do U Want 2 Be and the I Can Afford College campaigns; and
  2. A minimum of \$80,000 for developing I Can Afford College and Who Do U Want 2 Be radio ads that are career-based and direct students to Cal-SOAP-sponsored CFC workshops; and to help fund the I Can Afford College radio media buy during the January 1 through March 2, 2009 application window.
- B. Authorization for the Executive Director to enter into a Cal-SOAP consortia contract totaling over \$100,000 (if needed) to implement Phase I.

## AGENDA ITEM 2 – EXTERNAL COMMUNICATIONS ON FEDERAL AND STATE LEGISLATION AND POLICY

Mr. Ed Emerson, Chief of the Federal Policy & Programs Division, summarized the proposed policy, which would override the Commission's Governance Policies – Executive Parameters Policy 6, Section O.

There was some discussion and the Commission agreed to the following change: Revise provision #2 to reflect that the "second in command" will also receive weekly briefings on the status of the conversations.

On **MOTION** by Commissioner Fong Kushida, **SECONDED** and **CARRIED**, the Commission APPROVED BY ROLL CALL VOTE the proposed policy to authorize California Student Aid Commission and EdFund staffs to participate in discussions that are taking place on the national level on the future of the Federal Family Education Loan Program or the role for guaranty agencies within the Direct Student Loan Program, with the following AMENDMENT (in bold/underlined text):

2. The Chair **and Vice Chair** of the Commission, ~~and~~ the Commission's Executive Director, Chief of the Governmental & Public Affairs Division, Chief of the Federal Policy & Programs Division, and the General Counsel shall receive a weekly briefing on the status of the conversations which allows for advice and consent.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 11:40 a.m.

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YASMIN DELAHOSSAYE  
SECRETARY