

Action/Information Item

California Student Aid Commission

Approval of November 29, 2007 Minutes

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

**CALIFORNIA STUDENT AID COMMISSION
COMMISSION MEETING
MINUTES
NOVEMBER 29, 2007**

A meeting of the California Student Aid Commission was held on Thursday, November 29, 2007, at 3300 Zinfandel Drive, Board Room in Rancho Cordova, CA.

Chair Louise McClain called the meeting to order at 8:35 a.m.

The following Commission Members were present:

Louise McClain, Chair
Dean Johnston, Vice Chair
Michel Dyke, Secretary
Yasmin Delahoussaye
Michele Dyke
Daniel Friedlander
Sally Furay
Dennis Galligani
Lorena Hernandez
Alice Perez
Antonio Solórzano, Jr.

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Chair McClain called for public comment and, having none, proceeded with the next agenda item.

CHAIR'S REPORT

Chair McClain provided the following report:

- Sadly, the husband of Carole Durante, former Commission staff, passed away recently. Ms. Durante would be pleased to hear from her friends and acquaintances.
- Since Commissioner Dyke was attending her last meeting, Chair McClain expressed her gratitude for Commissioner Dyke's service as Liaison to the Cal-SOAP Advisory Committee and for her service and contribution to the Commission.

Additionally, Chair McClain presented resolutions to the following:

- Commissioner Michele Dyke
- Commissioner Alice Perez

- Ms. Beth Asmus, Past-President of the California Community Colleges Student Financial Aid Administrators (CCCSFAAA)

Chair McClain noted that there were also resolutions for the following people who were absent:

- Mr. Chad Charton, former Commissioner
- Ms. Janine Kagimoto, former Administrative Assistant to Executive Director Michel
- Ms. Mindy Bergeron, Past-President of the California Association of Student Financial Aid Administrators (CASFAA)
- Dr. Mary Robinson, former Chair and Vice Chair of the Grant Advisory Committee

TAB 1 – EXECUTIVE DIRECTOR’S REPORT

Executive Director Diana Fuentes-Michel extended her appreciation to Commissioners Dyke and Perez for their service on the Commission. In addition, she provided the following update on the status of Commission activities:

- The John Burton Foundation for Children Without Homes (Foundation) provided \$100 gift cards to 500 Chafee students and intends to identify an additional 500 gift card recipients during the holidays.
- Executive Director Michel will accompany Senator Burton to a meeting with individuals interested in supporting the Burton Scholars Backpack-to-School Program, specifically to fund computer equipment purchases for all Chafee students for the fall.
- Executive Director Michel sent a letter to the Foundation, on behalf of the Commission, to express appreciation to Senator Burton and the Foundation for their assistance with the passage of Assembly Bill 1540.
- Commissioner Hernandez has agreed to assist with developing the agenda and identifying a location for the Commission’s Strategic Planning Retreat.
- Commissioners McClain and Perez are working with Executive Director Michel to inform the Governor of the number of appointments needed on the Commission due to upcoming term expirations.
- Discussions continue with the Office of the Secretary for Education regarding the Federal Challenge Grant and outreach activities.

Commissioner Furay expressed her appreciation to Executive Director Michel for her work with the John Burton Foundation for Children Without Homes.

Ms. Janet McDuffie, Chief of the Federal Policy & Programs Division, reported on the Commission’s move to new facilities, indicating that Commission staff visited eight sites and identified several possibilities. She mentioned that the Headquarters lease expires August 31, 2008. Staff is currently evaluating the sites and costing out options and proximity to account for possible continued service from EDFUND. The Department of General Services will negotiate the lease on behalf of the Commission. In addition, the Department of Finance (Finance) has made no decisions on where the Commission will move in light of the proposed sale of EdFund and the possibilities of continuing service agreements between the Commission and EDFUND.

Executive Director Michel added that staff has already communicated its concerns to Finance about the timing of the decision and intends to express these concerns in writing once staff has completed its evaluation. She explained that there are no resources to accomplish the move

without an augmentation to the budget. If there is no progress in the next few weeks, assistance from the Commissioners would be very helpful. An Administration decision to postpone deciding where the Commission will move until after the sale of EDFUND could have severe consequences to the Grant program.

TAB 2 – EDFUND PRESIDENT’S REPORT

In addition to a written report, EDFUND President Sam Kipp provided a status update on the sale of EDFUND. He indicated that the Department of Finance is expected to announce the firm or individual selected to serve as its advisor on the process of the sale. The advisor will be reviewing issues of valuation, considering potential options and developing a Request for Proposal or Qualifications to solicit bids. President Kipp added that EDFUND plans to be actively involved in the process.

TAB 3 – APPROVAL OF SEPTEMBER 6-7, 2007 AND SEPTEMBER 25, 2007 MINUTES

Item 3.a – Approval of the September 6-7, 2007 Minutes

Commissioner Friedlander requested that staff consider a number of non-substantive technical changes. In addition, he provided the following substantive items for the Commission’s consideration:

- Item 9.a: The second bullet on page 12 includes language regarding revisions to the Governance Policies. The last sentence in this bullet should be reflected as follows: *“The Federal Policy and Programs staff will report administratively to the Commission’s Executive Director and functionally **to the Executive Director and the appropriate Commission committee.**” (revision in bold text)*
- Item 12.a: The first four bullets on page 18 pertain to the appointments of Loan Advisory Council Members Kulju, Martinez, Niccolai and Tien-Gordon. The draft minutes indicate that Commissioner Friedlander abstained from voting. He requested that staff review the transcripts for clarification because he cannot recall abstaining.
- Item 6.b: Commissioner Friedlander noted that the motion on page 7 relating to the Institutional Participation Agreement states, “the Commission adopted the revised Option 2” whereas the second motion on page 8 states, “the Commission adopted Option 2, as amended.” Commissioner Friedlander requested that staff provide more clarification on the second motion.

On **MOTION** by Commissioner Galligani, **SECONDED** and **CARRIED**, the Commission approved the minutes of the September 6-7, 2007 Commission meeting, as amended.

Item 3.b – Approval of the September 25, 2007 Minutes

On **MOTION** by Commissioner Friedlander, **SECONDED**, and **CARRIED**, the Commission approved the minutes of the September 25, 2007 Commission meeting. Commissioner Perez abstained.

TAB 4 - THE CALIFORNIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS (CASFAA), CALIFORNIA COMMUNITY COLLEGES STUDENT

FINANCIAL AID ADMINISTRATORS (CCCSFAAA) AND THE CALIFORNIA LENDERS FOR EDUCATION (CLFE) WILL BE PROVIDING A PRESENTATION ON “SIMILARITIES AND DIFFERENCES BETWEEN THE FEDERAL AND STATE SYSTEMS”

Ms. Beth Asmus, CCCSFAAA President, Ms. Donna Huber, CLFE Past-President, and Mr. Craig Yamamoto, CASFAA President-Elect, provided a power-point presentation to the Commission entitled “Similarities and Differences on the Federal and State Delivery Systems.”

In response to questions raised by various members of the Commission, Executive Director Michel suggested that staff work with the stakeholders in developing a presentation to discuss what Phase II of the Grant Delivery System improvement project can and cannot accomplish. In addition, Information Technology staff can assist with a separate presentation about the reporting of grade point averages. Executive Director Michel indicated that a distinction should be made between the effects of Phase II of the Grant Delivery System improvement project at four-year institutions and at the community colleges in terms of the Commission’s ability to support data configurations, maintenance, equipment purchases and support of the Cal Grant Program. She added that the issue of whether or not there should be funding for the institutions is a policy concern for the Commission to consider. She recommends that the Commission have a joint conversation with its partners about these issues within the framework of Phase II.

Commissioner Galligani suggested that the Commission consider the following:

1. The extent to which technological changes can help or eliminate duplication;
2. How the duplication of effort can be reduced at the campus level and centrally; and
3. Policy issues that were implemented years ago that need to be revisited.

Commissioner Galligani urged the Commission to move on these issues quickly. Executive Director Michel mentioned that Commission staff has already implemented a business improvement process in the Cal Grant area. She also noted that the Commission’s budget is approximately \$13 million without Phase II expenditures, which are about 1.4% of the Cal Grant and Specialized Programs budgets.

TAB 5 – AUDIT COMMITTEE REPORT

Item 5.a – Consideration of EDFUND Internal Audit Plan for Fiscal Years 2007-08 and 2008-09

Ms. Diane Manning, Vice President of EDFUND Audit Services, presented the EDFUND Internal Audit Plan for the Two-Year Audit Cycle (Fiscal Years 07-08 and 08-09). Ms. Manning reported that the Commission and EDFUND Audit Committees unanimously approved the plan at their joint meeting on November 8, 2007. The EDFUND Board also approved the plan at its November 16, 2007 meeting.

Ms. Manning explained that her staff performed a risk assessment to identify fourteen high-risk audits. She noted that, with regard to recent audits, she has reported some findings to the Commissioners, but added that the departments are making changes. There is an escalation process if the departments have not implemented the recommendations by the time her staff conducts the follow-up. If, in the auditor’s professional judgment, the department needs more time, the time will be extended. If that is not the case, the issue will

be elevated to the president, and, if there is no improvement, Ms. Manning brings the issue to the Audit Committees. She informs the Audit Committees of the status of on-going and completed audits at their regular meetings.

On **MOTION** by Commissioner McClain, **SECONDED**, and **CARRIED**, the Commission approved the EDFUND Internal Audit Plan for Fiscal Years 2007-08 and 2008-09.

Item 5.b – Acceptance of Operating Fund and Federal Fund Audited Financial Statements for the Years Ending June 30, 2007 and 2006

Ms. Manning reported that Perry Smith, the Certified Public Accountant firm retained by EDFUND, completed the June 30, 2007 audit of the Operating Fund and Federal Fund and presented the audited financial statements and letters of communication to the Audit Committee, as required, in September. Perry Smith issued an unqualified opinion, which is favorable and indicates that the financial statements were prepared in accordance with Generally Accepted Accounting Standards. Perry Smith indicated that there were no significant or unusual transactions for which there is a lack of authoritative guidance for auditing or accounting purposes. Ms. Manning noted that the auditors identified a \$300,000 adjustment that had inadvertently not been booked, which pertained to the recording of Commission grant administrative costs that were paid out of the Operating Fund. This adjustment has now been booked.

Ms. Manning reported that the Audit Committees formally accepted the audited financial statements on September 26, 2007 and the EDFUND Board did the same on November 16, 2007. She added that the Commission Audit Committee is recommending acceptance of the financial statements by the full Commission.

On **MOTION** by Commissioner McClain, **SECONDED** and **CARRIED**, the Commission approved the Committee's recommendation to accept the Operating Fund and Federal Fund Audited Financial Statements for the years ending June 30, 2007 and 2006.

Item 5.c – Update on Cal Grant New Application Eligibility Internal Audit

Chief Deputy Director Keith Yamanaka reported that the management response to the Cal Grant New Application Eligibility internal audit was submitted to the Department of Finance auditors on November 21, 2007. Staff expects the auditors to issue a report in January or February in time for the February Commission meeting.

Committee Chair Johnston reported that he and Commission staff interviewed candidates for the Chief Internal Auditor position on November 28, 2007 and they anticipate making a decision in a couple of weeks.

TAB 6 – PERSONNEL, EVALUATION AND NOMINATIONS (PEN) COMMITTEE REPORT

Commissioner Delahoussaye, Vice Chair of the PEN Committee, reported that the PEN Committee met on November 27, 2007.

Item 6.a – Consideration of Nominations to Advisory Bodies

Loan Advisory Council

On **MOTION** by the Committee, **SECONDED** and **CARRIED**, the Commission approved the Committee's recommendation to re-appoint the following to the Loan Advisory Council:

- Dr. Patricia Hurley as the California Community Colleges Institution Representative for the term of November 29, 2007 through November 29, 2009; and
- Ms. Carrie Steere-Salazar as the California Association of Student Financial Aid Administrators (CASFAA) Representative for the term November 29, 2007 through November 29, 2009.

Grant Advisory Committee

On **MOTION** by the Committee, **SECONDED** and **CARRIED**, the Commission approved the Committee's recommendation to appoint the following to the Grant Advisory Committee:

- Ms. Catherine Graham as the Independent California Colleges and University Campus Representative for the term of November 29, 2007 through November 29, 2009;
- Mr. Frederick Holland as the California Association of Private Postsecondary Schools Representative for the term of November 29, 2007 through November 29, 2009; and
- Ms. Judi Sveen as the Proprietary Institution Student Representative for the term November 29, 2007 through November 29, 2009.

Item 6.b – Consideration of Nomination to the EDFUND Board of Directors

On **MOTION** by Commissioner McClain, **SECONDED** and **CARRIED**, the Commission approved the Committee's recommendation to appoint the following to the EDFUND Board of Directors:

- Ms. Sally Furay as a Non-Commissioner Director, effective the day after the Governor appoints Commissioner Furay's replacement on the Commission or March 1, 2008, whichever occurs first.

Commissioner Furay abstained.

TAB 7 – PROGRAM, POLICY AND BUDGET ITEMS***Item 7.a – Loan Advisory Council (LAC) Chair’s Report***

Because the LAC Chair could not attend the Commission meeting, Ms. Janet McDuffie, Chief of Federal Policy & Programs, provided the Chair’s update on the Loan Advisory Council’s activities at its November 7, 2007 meeting. She expressed the Council’s concern that upon the sale of EDFUND, the Council would be terminated by statute. LAC members want to have a discussion on whether or not the Commission should have a non-statutory advisory committee to provide advice on the loan issues that affect the students of California. Executive Director Michel suggested that the Governance and Monitoring Committee consider the issue.

Ms. McDuffie reported that LAC members are also concerned about the reduction in lender and guarantor services to schools due to new federal regulations and the direct marketing of student loans to students. LAC members have scheduled the next meeting for March 20, 2008.

Item 7.b – Grant Advisory Committee (GAC) Chair’s Report

Ms. Mary Lindsey, Chair of the Grant Advisory Committee, provided an update on the Grant Advisory Committee’s activities at its October 18-19, 2007 workgroup and meeting. She reported that the Committee re-elected her as Chair and elected Ms. Sharon Bowles as Vice Chair. The committee did extensive planning to increase new member participation. She noted that the Committee developed several recommendations for the Commission’s consideration in upcoming agenda items, including:

- Approval of the 2008 Calendar of Workgroups and Meetings;
- Adoption of the 2008-09 Student Expense Budgets;
- Adoption of the 2008-09 Selection Criteria for the Competitive Awards; and
- Approval of staff to identify and encourage students to meet the March 2 deadline for the Entitlement awards in order to have more awards that are available in the competitive program.

Ms. Lindsey indicated that, with regard to the next Real Time Database (Phase II) stakeholder presentation, the Commission should seek the participation of representatives from the Administration, the Department of Finance, the Senate and the Assembly. Executive Director Michel recommended having more discussion on further developing a balanced and workable approach.

Item 7.c – Consideration of Grant Advisory Committee and Loan Advisory Council Proposed Meetings and Work Plan during Calendar Year 2008**Grant Advisory Committee Work Plan**

Ms. Catalina Mistler, Chief of Program Administration & Services, presented the Grant Advisory Committee work plan including the proposed workgroups and meetings for the 2008 calendar year. She also reported that due to changes in the environment within the Commission and EDFUND, a teleconference is scheduled for January to revisit the workgroups and prioritize them. She noted that staff will make every effort to support the meetings and workload, but wanted there to be the understanding that staff’s ability to

prepare the agendas may be affected should any issues arise with regard to staffing, the move, or other transitional changes due to the sale of EDFUND.

Commissioner Friedlander mentioned he was aware of a previous policy promulgated by the Department of Finance that impacted the number of in-person meetings that agencies could hold. He requested that staff provide information on the cost of bringing advisory committee members together for a two-day meeting.

Ms. Lindsey added that the Data Analysis work group would also be reviewing the rates of students awarded Cal Grants versus those who actually use them. Additionally, the work group would also conduct an in-depth analysis of students whose estimated financial contributions changed to zero after Federal verification has been completed.

Loan Advisory Council Work Plan

Ms. McDuffie presented the Loan Advisory Council work plan, indicating that the Council agreed to meet on March 20, 2008 and plans to meet again in July and October with dates still to be determined in light of the pending sale of EDFUND. She added that staff will work with the Governance & Monitoring Committee on the issue of continuing the Loan Advisory Council should the sale of EDFUND occur.

Commissioner Galligani made a motion to: 1) approve the proposed Grant Advisory Committee Work Plan and meeting dates for the 2008 calendar year and authorize staff and the Committee to establish priorities for the proposed workgroup meetings; and 2) approve the proposed Loan Advisory Council Work Plan and meeting dates for the 2008 calendar year.

Commissioner Furay recommended removing the meeting dates from the motion.

On **AMENDED MOTION** by Commissioner Galligani, **SECONDED** and **CARRIED**, the Commission: 1) approved the proposed Grant Advisory Committee Work Plan and authorized staff and the Committee to establish priorities for the proposed workgroup meetings; and 2) approved the proposed Loan Advisory Council Work Plan.

Chair McClain announced that Commissioner Hernandez has agreed to serve as liaison to the Grant Advisory Committee.

Item 7.d – Consideration of Student Expense Budgets for Cal Grant Award Determinations for 2008-09

Mr. Steve Caldwell, Chief of Governmental Relations and Public Affairs, introduced Mr. Ruben Romero, the new Research Manager.

Ms. Karen Henderson, Research Analyst, Research & Policy Analysis Branch, presented the 2008-09 Nine-Month Student Expense Budgets, which are used to calculate the financial need of Cal Grant recipients.

Commissioner Perez commented that staff had a difficult time collecting data from private colleges. She noted that staff had used an inflation rate to develop student expense budgets for the private colleges and expressed concern that if inflation rates are applied across-the-board, the true expenditures may not be captured. Ms. Henderson explained that the

Commission will be increasing the number of private career college representatives on the Student Expense and Resources Survey (SEARS) Advisory Committee and polling the colleges in advance regarding which method would work best for their campus.

Commissioner Delahoussaye remarked that the average cost of textbooks is a statewide problem that has reached the Legislature, and the average cost listed in the budgets appears too low.

On **MOTION** by Commissioner Perez, **SECONDED** and **CARRIED**, the Commission approved the proposed 2008-09 Student Expense Budgets.

Commissioner Delahoussaye abstained.

Item 7.e – Consideration of Cal Grant Selection Criteria for Cal Grant Award Determinations for 2008-09

Ms. Henderson presented the proposed 2008-09 Cal Grant selection criteria, which include grade point average, parents' educational level, access equalizer, household status, family income and household size. She reported that the Grant Advisory Committee recommends approval by the Commission.

On **MOTION** by Commissioner Friedlander, **SECONDED** and **CARRIED**, the Commission approved the Cal Grant Selection Criteria for Cal Grant Award Determinations for 2008-09.

Item 7.f – Consideration of Guiding Principles for 2008-09 Budget Discussions

Mr. Robert Illa, Acting Chief of Management Services, presented the Cal Grant Program Guiding Principles for the 2008-09 Budget Discussions, which the Executive Director and staff would utilize during the budget hearings and in discussions with the Administration and the Legislature. He commented that the principles are similar to last year's and are consistent with the Commission's legislative principles. He noted that even during these tight financial times, the principles seek not only to maintain, but also to enhance, the Cal Grant programs.

After some discussion, the Commission reached a consensus to change the term "recommend and fully support" to "recommend and support." The revised guiding principles are as follows:

- Recommend and support increases to the Cal Grant B access award and first year tuition for Cal Grant B recipients.
- Recommend and support increases in the number of awards in the Competitive program.
- Recommend and support increases in the number of awards in the Cal Grant C program.

Commissioner Galligani commented that the Commission should find a way to align the processes for developing the Budget Guiding Principles and Legislative Guiding Principles rather than doing two separate processes.

On **MOTION** by Commissioner Furay, **SECONDED** and **CARRIED**, the Commission approved the Cal Grant Program Guiding Principles for the 2008-09 Budget Discussions.

Item 7.g – Consideration of Ratification of Amendment to The Results Group Contract to Change the Scope of Work and Extend the Term of the Contract to November 30, 2007

Mr. Illa presented the amendment to The Results Group contract to change the scope of work and extend the term to November 30, 2007. He explained that the Executive Director must obtain approval from the Commission prior to entering into a new contract or amending an existing contract over \$100,000. The Executive Director may enter into a contract on an emergency basis, but must seek approval at the next Commission meeting. The contract for The Results Group is for \$417,000 and expired October 31, 2007. The Results Group, in consultation with Aurora Group, has provided consulting assistance in delineating roles and responsibilities and assisting in developing an Annual Oversight Plan. The contractor is currently working with the Governance and Monitoring Committee to develop templates for documentation supporting the Annual Oversight Plan. On October 31, 2007, the Executive Director signed an amendment to the contract, which provides for 26 hours of additional consultation services, reduced travel costs and an extended term at no additional cost.

On **MOTION** by Commissioner Furay, **SECONDED** and **CARRIED**, the Commission ratified the contract amendment for The Results Group to change the scope of work and extend the term to November 30, 2007.

TAB 8 – GOVERNANCE AND MONITORING COMMITTEE REPORT

Commissioner Galligani, Chair of the Governance and Monitoring Committee, reported that the Committee met on October 16, 2007 and October 31, 2007.

Item 8.a – Consideration of Revisions to State Legislative Principles for 2008-09

Commissioner Galligani presented the revisions to the State Legislative Principles for 2008-09. Commissioner Friedlander recommended the following additional changes:

- Page 1, second paragraph, second sentence: Revise to read: “Examples of collaboration include conducting and participating in Cal Grant promotional events and supporting the Commission’s mission.”
- Page 1, first sentence under “Legislative Objectives”: Delete the comma after the word “programs.”
- Page 3, third bullet under “Ensure Adequate Support and Flexibility for Commission Operations”: Replace the words “continue evaluating” with the word “evaluating.”

On **MOTION** by Commissioner McClain, **SECONDED** and **CARRIED**, the Commission approved the revised State Legislative Principles for 2008-09.

Item 8.b – Consideration of Revisions to Commission Governance Policies

Commissioner Galligani explained that individual members of the Committee have taken responsibility for a section of the policies. Commissioner Delahoussaye presented the Committee's proposed revisions to the Introduction and the Ends Policies. After some discussion, the Commission made the following additional revisions:

- Page 2, Introduction, first sentence: Change "2007" to "2006."
- Page 4, Global Policy: Ends, third bullet: Delete the word "the."
- Page 5, Ends Policy 2: Student Loans and Services, title: Add an asterisk to indicate that the policy may require modification.
- Page 5, Ends Policy 2: Student Loans and Services, bullet F: Change "to better collaborate" to "to consistently (or continuously) collaborate."
- Page 5, Ends Policy 3: Maximizing of Services and Revenues, title: Add an asterisk to indicate that the policy may require modification.

Commissioner Furay mentioned that there are additional areas throughout the policies, which should be marked with an asterisk. Commissioner Delahoussaye promised to clarify those areas the next time the Governance and Monitoring Committee meets.

On **MOTION** by Commissioner McClain, **SECONDED** and **CARRIED**, the Commission approved the revisions to the Introduction and Ends Policies of the Commission Governance Policies.

Commissioner Solórzano presented the proposed revisions to the Commission Governance Policies. After some discussion, the Commission made the following additional revisions:

- Page 9, Global Policy 2, Program Oversight, Item K: After the word "maintain" add the word "effective." After the words "loan program" add "to ensure compliance with existing laws, regulations, policies and other applicable standards."
- Page 12, Commission Governance Policy 4, Commissioner Role and Code of Conduct, Item F.2: Replace the language with the following: "Take a position contrary to that of the Commission, or represent interests contrary to those of the Commission, without making it explicit that such position or interests are not those of the Commission. If such a position is taken as an individual, that Commissioner will inform the Commission Chair of such communications in advance whenever possible, or if not possible, within 24 hours thereafter."
- Page 12, Commission Governance Policy 5, Committees, first paragraph: Split the first sentence into two sentences by replacing the comma after the word "deliberation" with a period. Strike the word "and" and begin a new sentence with "Committees will also" before the words "carry out other tasks as assigned by the Commission."
- Page 12, Commission Governance Policy 5, Committees, item C: Replace the words "then recommending" with "and will recommend."

On **MOTION** by Commissioner McClain, **SECONDED** and **CARRIED**, the Commission approved the revisions to the Commission Governance Policies section of the Commission Governance Policies.

Commissioner Galligani reported that the Governance and Monitoring Committee will continue to work through the revised policies on an on-going basis. Additionally, the

Committee will be setting the timelines for which they would receive reports for monitoring purposes.

As directed by Chair McClain, the Commission discussed Tab 11 (Closed Session) out of sequence.

TAB 11 – CLOSED SESSION

At 11:58 a.m., Chair McClain recessed the OPEN SESSION of the meeting of the California Student Aid Commission and announced that, after the lunch recess, the 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). The scheduled topics include the following items:

Item 11.a – Consideration of Revisions to the 2007-08 Loan Program Business Plan, Budget and Goals Proposal

Item 11.b – Update on the 2006-07 Federal Family Education Loan (FFEL) Program Quarterly Statistics, Quarterly Financial Statements and Cash Flow

Item 11.c – Update on Federal Default Fee (Strategy)

At 1:28 p.m., Chair McClain adjourned the CLOSED SESSION and reconvened the OPEN SESSION of the meeting reporting that the Commission took one action to approve the revisions to the 2007-08 Loan Program Business Plan Budget and Goals Proposal.

As directed by Chair McClain, the Commission discussed Tab 10 (Loan Program Information Item) out of sequence.

TAB 10 – LOAN PROGRAM INFORMATION ITEM

Item 10.a – Update on the Voluntary Flexible Agreement (VFA)

EDFUND President Kipp provided an update on the status of the Voluntary Flexible Agreement (VFA) negotiations with the U.S. Department of Education (Department). He reported that the Department issued all VFA guarantors a 90-day termination notice because the Department's position is that the VFAs were not cost neutral in light of the passage of the College Cost Reduction and Access Act (HR 2669). President Kipp indicated that EDFUND submitted a letter to the Department requesting a meeting to discuss the issue. The Department is in the process of conducting individual meetings with each of the VFA guarantors and a meeting with EDFUND is scheduled for Tuesday, December 4, 2007. Staff will inform the Commission of the outcome of that meeting. President Kipp provided copies of the cover letter and evaluation of the Early Withdrawal Counseling program submitted to the Department on November 29, 2007.

TAB 9 – INFORMATION ITEMS***Item 9.a – 2007-08 Cal Grant Program Update***

Ms. Catalina Mistler, Chief of Program Administration & Services, and Mr. Bryan Dickason, Manager of Cal Grant Operations, presented a summary of 2007-08 Cal Grant Operations, including updates on the following issues and activities:

- Grade Point Average (GPA) Verification;
- 2008-09 Year Cal Grant GPA Verification Form;
- College Cost Information;
- Non-Term, Nonstandard Term Cal Grant Meeting;
- 2007-08 Competitive Awards;
- 2008-09 Fund Your Future Series Publication Availability; and
- 2007-08 New Cal Grant Award Offers by Program.

Item 9.b – 2007-08 Specialized Program Update

Having no questions regarding the information included in the agenda, the Commission proceeded to the next agenda item.

Item 9.c – Communications Unit Update

Mr. Tom Mays, Manager of the Public Affairs Branch, introduced Mr. Bill Madison, Manager of Communications. Mr. Madison provided an overview of the Communication Unit's activities, including:

- Articles for the CASFAA newsletter;
- Presentation for the California Chicano/Latino Inter-segmental Convocation on November 9, 2007;
- Revisions to the Commission's web site;
- Partnerships with the Burton Foundation, the Wellness Foundation, GEAR UP, First 5 California and ScholarShare; and
- Collateral material to support the Legislative Briefing Day at the State Capitol on November 8, 2007.

Commissioner Perez expressed her appreciation to Executive Director Michel and staff for their collaborative relationship on the ScholarShare Program. Commissioner Hernandez also commended Executive Director Michel and staff for their participation in the Chicano/Latino Inter-segmental Convocation and for providing the legislative briefing.

Item 9.d – Cal Grant Public Awareness Campaign Update

Mr. Mays presented the Public Relations Society of America PRISM Award given to the Cal Grant Public Awareness Campaign. Ms. Cheryl Lenz, Statewide Outreach Coordinator, provided a report on the campaign activities, including updates on the following:

- College Cash Box;
- Radio and Television Media Opportunities;
- Call-In Events;

- Interactive Digital Media;
- College Cash Crew Captains and Ambassadors;
- Partnership with California Community Colleges; and
- Cash for College Workshops.

Chair McClain invited Commissioners to participate in the media events in their regional areas.

Item 9.e – California Cash for College Program Update

Ms. Despina Costopoulos, Cash for College Coordinator, provided a report on the Cash for College Program, indicating that 250 workshops have registered and early registration starts on November 5, 2007. She also reported that the federal government will no longer be making the paper Free Application for Federal Student Aid (FAFSA) available to agencies in bulk. Students who wish to use the paper FAFSA will need to request them by calling 1-800-4FED-AID. She added that the workshop organizers are ordering lots of materials, but everyone will be going on line in one form or another.

Chair McClain invited the Commissioners to participate in the Cash for College events.

Item 9.f – California Student Opportunity and Access Program (Cal-SOAP) Update

Ms. Kim Taylor, Manager of the Outreach Unit, provided updates on the following issues:

- Request for Proposal to Re-establish Cal-SOAP Services in the Solano Area;
- Discussions Regarding Allocation Methodology Strategies;
- Cal-SOAP Advisory Committee:
 - Appointments and Vacancies;
 - Next Committee Meeting Tentatively Scheduled for December 5, 2007; and
 - Next Project Director Meeting Scheduled for December 4, 2007.

Chair McClain announced that Commissioner Solórzano has agreed to serve as the Commissioner Liaison to the Cal-SOAP Advisory Committee, replacing Commissioner Dyke. Ms. Taylor expressed her appreciation for Commissioner Dyke's support and presence on the Committee. In addition, Mr. Caldwell thanked Commissioners Perez and Dyke for their support of the outreach programs. He also expressed appreciation for Ms. Taylor's dedication and work with the Cal-SOAP Program.

In response to Commissioner Hernandez's inquiry, Mr. Caldwell explained that staff is working on an outreach plan and partnership efforts.

As directed by Chair McClain, the Commission discussed Tab Item 9.h out of sequence.

Before proceeding with Tab Item 9.h, Executive Director Michel announced that she has established a new framework for the Executive Office, bringing in the State and Federal legislative liaison positions and moving the budget responsibility from Governmental Affairs to the Management Services area to refocus the Commission's efforts in communication, public affairs and outreach. She reported that there are no General Fund resources available for the Public Awareness Campaign and Cash for College activities. However, Assembly Bill 1540 allows the Commission to accept resources from private foundations for

the Cash for College outreach efforts. The Commission has established collaborations with the Chamber of Commerce, the Wellness Foundation and the John Burton Foundation.

Executive Director Michel indicated that as part of the strategic planning process, the Commission must develop a plan in terms of resources. She added that the Commission needs a staff person with skills in developing grants and public relations.

Item 9.h – Update on State and Federal Issues and Legislation Affecting Commission

Mr. Caldwell indicated he had no additional information aside from the written update in the agenda.

Item 9.g – Update on Grant Delivery System Improvements – Phase II

Mr. John Bays, Chief of Information Technology Services, introduced Ms. Debi Jackson, Manager of the Application Development and Project Management Branch. Ms. Jackson provided an overview of the Grant Delivery System Phase II Improvements, including updates on the following:

- Structural changes from Phase I to real time;
- Security architecture for Phase II; and
- Advisory Committee.

Additionally, Mr. Bays provided background information on the EDFUND Synergy Projects, noting that the Commission utilized many of EDFUND's information technology services for economies of scale and to create savings for the Commission and EDFUND. These projects include, among others, moving all data center printing and servers to EDFUND, imaging services, and the Interactive Voice Response System. He added that there are a number of other information technology services that EDFUND provides, which is part of the detangling issue that the Commission must address. He mentioned that the sale of EDFUND could have an impact on Phase II of the Grant Delivery System improvement project and the High School Graduation Date project.

Executive Director Michel explained that staff has engaged in candid conversations with various state departments within the Administration about concerns of the effects of the Governor's proposal to sell EDFUND and the Commission's move. One of the outcomes of these conversations was to put those concerns in writing because timing is an issue. She indicated that the Administration will either give the Commission the resources to move or not. If not, then the Commission will need to make resource allocation decisions in order to ensure that Cal Grant awards are disbursed on time. She added that the management team is aware of the expectations and staff will do its best to accomplish the workload. However, if the Commission is not provided with the resources and, as a result, staff cannot accomplish all the tasks in the time frame provided, the management team will inform the Commission.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 3:05 p.m.

DEAN JOHNSTON
ACTING CHAIR

DRAFT