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Action Item

California Student Aid Commission

Consent Calendar

Recommended Action: Approve the consent agenda, including:

- a. Minutes of February 24-25, 2011
- b. Approval of a 2011-12 interagency agreement with the California Technology Agency for data center support

**CALIFORNIA STUDENT AID COMMISSION
MEETING MINUTES**

FEBRUARY 24-25, 2011

A meeting of the California Student Aid Commission was held on Thursday, February 24, 2011 and Friday, February 25, 2011 at Cal-PERS Auditorium #1190 located at 400 P Street in Sacramento, California.

THURSDAY, FEBRUARY 24, 2011

Chair Barry Keene called the meeting to order at 1:15 p.m.

The following Commission Members were present:

Barry Keene, Chair
Lynne de Bie, Secretary
Nancy Anton
Alexander Gonzalez
Lawrence Hershman
Enrique Murillo
Israel Rodriguez
Antonio Solórzano, Jr.
Fred Wood

The following Commission Member was absent:

Lorena Hernandez, Vice Chair

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

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

CHAIR'S REPORT

Before presenting his report, Chair Keene welcomed the newest appointment, Commissioner Nancy Anton. He then provided some historical background on the former Administration's proposals to re-organize state government and eliminate the Commission. He urged the Commission to set its priorities now in order to do its part in shaping legislative decision-making about Cal Grants.

AGENDA ITEM 1 – CONSENT CALENDAR (Action)

By **UNANIMOUS CONSENT**, the Commission adopted the Consent Calendar, which included the following items:

- a. Minutes of October 27, 2010;
- b. Minutes of November 18-19, 2010; and
- c. Minutes of December 7, 2010.

AGENDA ITEM 2 – UPDATE ON THE 2010/11 BUDGET AND THE GOVERNOR'S PROPOSED 2011/12 BUDGET (Information/Action)

Ms. Janet McDuffie, Chief of the Administration & External Affairs Division, provided an overview of the 2010-11 and 2011-12 State Budgets.

AGENDA ITEM 3 – CONSIDERATION OF LEGISLATIVE PROPOSALS ON CAL GRANT COST SAVINGS AND WHAT, IF ANY, INDEPENDENT ACTIONS THE COMMISSION MIGHT WISH TO TAKE (Information/Action)

Chair Keene prefaced this agenda item by indicating that he requested staff to prepare a list of recommendations for the Commission to consider regarding cost saving measures in the Cal Grant Program. Chair Keene noted that even though they were reluctant to propose any reductions, he felt the staff were the most knowledgeable about the Cal Grant Program and could provide expert advice to the Commission.

Ms. McDuffie presented recommendations by staff and the Chair, of priorities for Cal Grant program cost savings if needed. The list included the following proposals:

1. Require a Cal Grant participating institution to have a cohort default rate of no greater than 20%, and institutional aid of no less than 10%.
2. Change renewal eligibility requirements to require Cal Grant renewal students to meet the same income and asset ceilings and minimum need as new students.
3. Tighten satisfactory academic progress requirements by withdrawing a Cal Grant award immediately upon the recipient's failing to maintain satisfactory academic progress in any academic terms occurring after June 30, 2011 and totaling one academic year.
4. Limit the number of years of eligibility to 2 years for Cal Grant A and B Transfer Entitlement recipients (3 years if enrolled in a recognized 5-year program) and Cal Grant B recipients attending a California Community College or 2-year program at a non-public-institution.
5. Suspend summer payments (both mandatory and discretionary) and High School Entitlement Cal Grant A and B awards to students who graduated in the immediate prior academic year to the award year (one-year out).
6. Reduce the number and/or value of Competitive Cal Grant awards by one or more of the following: limiting new awards to Community Colleges only; reduce the number of new awards from 22,500 to 11,250 by eliminating either the March 2 or September 2 Competitive Cal Grant awards; limiting the Cal Grant award to the Access Grant amount (\$1551) for all segments.

7. Reduce tuition/fee awards by 8% at each segment and eliminate tuition/fee payments for the Top 2% of High School Entitlement Cal Grant B awards.
8. Reduce the income and asset ceilings to the 2008-09 levels.
9. Raise the minimum grade point average for new Cal Grant awards to 2.5 for the Cal Grant Entitlement Programs.
10. Reduce the Cal Grant C General Fund amount in half for new awards and require matching funds from private industries.

Some discussion followed, including public comment made by the following individuals:

- Calvin Rankin, President-Elect, California Community Colleges Student Financial Aid Administrators (CCCSFAAA);
- Deb Barker-Garcia, Representative, California Association of Student Financial Aid Administrators (CASFAA);
- Eli Caris, Graduate, Bryan College;
- John Zimmerman, President, MTI College; and
- Kristina Lopez, Representative, California Coalition of Accredited Career Schools (Coalition).

Further discussion ensued and the Commission took the following actions:

On **MOTION** by Commissioner Rodriguez, **SECONDED** and **CARRIED** unanimously, the Commission adopted the following:

Consider eliminating and reducing the amount of awards to the non-profits and for-profit schools and shift some of the career courses to community colleges. The Cal Grant for career courses should be reduced to \$1,551.

On **MOTION** by Commissioner Rodriguez, **SECONDED** and **CARRIED** unanimously, the Commission adopted the following:

Raise the Grade Point Average (GPA) requirement for Cal Grant B recipients at community colleges from 2.0 to 2.5 (9th priority).

On **MOTION** by Commissioner Hershman, **SECONDED** and **CARRIED** unanimously, the Commission adopted the following:

Reduce the maximum award amount for the private non-profit institutions, from Item 11 on the proposed list, by 15 percent, similar to the University of California (UC) and California State University (CSU) basic budget cuts, and make this the 11th or lowest priority.

On **MOTION** by Commissioner Hershman, **SECONDED** and **CARRIED**, Commissioner Anton abstaining, Commissioners de Bie, Solórzano and Keene opposed, the Commission adopted the following:

Make no reductions in Cal Grant awards for the public institutions (University of California, California State University and community colleges) and adopt the Senate budget action limiting Cal Grant awards for for-profit college tuition for career technical degrees to the \$1551 awarded to community college students, and for bachelor's degrees to an award equivalent to CSU student fees.

On **MOTION** by Commissioner de Bie, **SECONDED** and **CARRIED** unanimously, the Commission adopted the following:

Remove from the proposed priority list the concept of suspending Cal Grant summer payments (both mandatory and discretionary).

Commissioner Anton **MOVED**, and Commissioner Wood **SECONDED**, the following MOTION:

Make reductions in the two largest Loan Assumption Programs, the APLE Program and the National Guard Education Assistance Program, by reducing the awards by 25 percent.

A ROLL CALL VOTE was taken and the **MOTION FAILED**.

After discussion, the recommendation to reduce the income and asset ceilings to the 2008-09 levels was removed from the list of recommendations.

After discussion, the recommendation to reduce the Cal Grant C General Fund amount in half for new awards and require matching funds from private industries was removed from the list, with the understanding that the Commission could pursue the recommendation apart from the priorities.

On **MOTION** by Commissioner Anton, **SECONDED** and **CARRIED** unanimously, the Commission adopted the following as the second priority:

Require Cal Grant renewal recipients to meet the same income and asset ceilings and minimum need as new recipients.

On **MOTION** by Commissioner Hershman, **SECONDED** and **CARRIED** unanimously, the Commission adopted the following as the third priority:

Withdraw a Cal Grant award immediately upon the recipient's failing to maintain satisfactory academic progress in any academic terms occurring after June 30, 2011 and totaling one academic year.

Commissioner Solórzano **MOVED** and Commissioner Rodriguez **SECONDED** the following **MOTION**:

Adopt the fifth priority to suspend the High School Entitlement Cal Grant A and B awards to students who graduated in the immediate prior academic year to the award year (a.k.a. One-Year Out)

A ROLL CALL VOTE was taken and the **MOTION FAILED**.

The Chair directed staff to prepare a final list of recommended priorities for Commission consideration later in the meeting, based on the Commission actions.

AGENDA ITEM 4 – CONSIDERATION OF ADOPTION OF EMERGENCY REGULATIONS, SECTIONS 30001.5, TITLE 5, CALIFORNIA CODE OF REGULATIONS, DIVISION 4, CHAPTER 1, TO INTERPRET AND MAKE SPECIFIC SECTION 66021.2 OF THE EDUCATION CODE, TO ENSURE THAT CAL GRANTS CONTINUE TO PAY FOR MANDATORY SYSTEMWIDE FEES, INCLUDING FEES FOR “TUITION,” AT PUBLIC INSTITUTIONS (Action)

Ms. Keri Tippins, General Counsel, reported that the Commission received a request from the Assembly Speaker’s Office that the Commission postpone this agenda item until there had been opportunity for consultation between the Commission and the Speaker’s Office on the proposed language and then consider the item at the next Commission meeting. Some discussion ensued.

On **MOTION** by Commissioner Hershman, **SECONDED** and **CARRIED**, the Commission adopted the proposed emergency regulation and accompanying documents; requested that the effective date of the regulations be the date of filing; and authorized staff to take the necessary steps to complete the regulatory process.

AGENDA ITEM 5 – UPDATE ON STATE AND FEDERAL ISSUES AND LEGISLATION AND CONSIDERATION OF POSITIONS ON BILLS AFFECTING COMMISSION PROGRAMS (Information/Action)

Ms. Lori Nezhura, Legislative Liaison, provided an overview of the state legislative bills requiring the Commission’s action. A suggestion was made to discuss all of the bills and then take action on the entire package. Discussion followed and the following positions were developed:

By **CONSENSUS**, the Commission adopted a “SUPPORT” position on Assembly Bill (AB) 91 (Portantino): Community Colleges: Student Financial Aid.

By **CONSENSUS**, the Commission adopted a “SUPPORT” position on AB 130 and AB 131 (Cedillo): Dream Act, with the indication that the Dream Act is an investment for the future.

On **MOTION** by Commissioner Anton, **SECONDED** and **CARRIED**, the Commission adopted a “WATCH” position on Senate Bill (SB) 181 (Liu): Public Postsecondary Education: Student Fee Policy.

On **MOTION** by Commissioner Anton, **SECONDED** and **CARRIED**, the Commission adopted the staff recommendation of “CO-SPONSOR” Assembly Bill (AB) 1129 (Portantino): Unemployment Insurance: Use of Information.

By **CONSENSUS**, the Commission adopted a “WATCH” position on AB 970 (Fong): Cal Grant B Awards: Award Amount..

On **MOTION** by Commissioner Anton, **SECONDED** and **CARRIED**, the Commission adopted the staff recommendation of “WATCH” AB 1273 (Grove): Boards and Commissions.

On **MOTION** by Commissioner Hershman, **SECONDED** and **CARRIED**, the Commission adopted the staff recommendation of “SPONSOR” SB 760 (Alquist): Donahoe Higher Education Act.

There was **UNANIMOUS CONSENT** to adopt the entire group of positions on the bills.

AGENDA ITEM 6 – PRESENTATION OF THE JUNE 30, 2010 OPERATING FUND AND FEDERAL FUND FINANCIAL STATEMENTS FOR FEDERAL STUDENT LOAN PROGRAM (Information/Action)

Ms. Tina Treis, Partner, Perry-Smith, presented the operating fund and federal fund financial statements.

By **CONSENSUS**, the Commission accepted the Operating Fund and Federal Fund audited financial statements for the year ended June 30, 2010.

AGENDA ITEM 7 – AUDIT REPORT, INCLUDING

Item 7.a – Program Compliance Audits (Information)

Item 7.b – State of California Internal Control and State and Federal Compliance Audit Report for the Fiscal Year Ended June 30, 2010 (“Single Audit”) (Information)

Item 7.c – State of California Internal Control and State and Federal Compliance Audit Report for the Partial Fiscal Year July 1, 2010 through October 31, 2010 (“Single Audit”) (Information)

Ms. Tippins reported that Agenda Item 7 is informational only.

AGENDA ITEM 8 – EXECUTIVE DIRECTOR’S REPORT (Information)

Item 8.a - Introduction of CASFAA & CCCSFAAA Presidents (Information)

Executive Director Diana Fuentes-Michel reported that CASFAA President Lynn Fox and CCCSFAAA President Sherrie Padilla were unable to stay for the remainder of the Commission meeting. Executive Director Fuentes-Michel reported that they had established initial discussions and will be communicating before each Commission meeting.

Item 8.b - California Student Opportunity and Access Program (Cal-SOAP) Project Directors’ Report (Information)

Ms. Imelda Simos-Valdez, Project Director of San Joaquin Valley Cal-SOAP, and Ms. Diana Perez, Project Director of Central Coast Cal-SOAP, provided an oral report of the Cal-SOAP Consortia activities.

Item 8.c - ECMC Report on the transition of the federal student loan guaranty program (Information)

Executive Director Fuentes-Michel presented the ECMC Report, including the list of services that ECMC provides to the Commission through its partnership.

AGENDA ITEM 3 (Continued) - CONSIDERATION OF LEGISLATIVE PROPOSALS ON CAL GRANT COST SAVINGS AND WHAT, IF ANY, INDEPENDENT ACTIONS THE COMMISSION MIGHT WISH TO TAKE (Information/Action)

Ms. McDuffie provided an updated priority list of Cal Grant cost savings and noted that the Commission did not discuss item 7 on the original priority list. Some discussion followed.

By **CONSENSUS**, the Commission adopted the following as a priority:

Eliminate tuition/fee payments for the top two percent of High School Entitlement Cal Grant B awards.

Ms. McDuffie then summarized the updated priority list, and, because it had inadvertently been included, removed the proposal to reduce income and asset ceilings to the 2008-09 level.

On **MOTION** by Commissioner Murillo, **SECONDED** and **CARRIED** unanimously, the Commission adopted the final list of California Student Aid Commission Priorities for Cal Grant Program Cost Savings if Needed, as amended. (See attachment 1.)

The meeting of the California Student Aid Commission was recessed until Friday, February 25, 2011 at 8:30 a.m.

FRIDAY, FEBRUARY 25, 2011

RECONVENE OPEN SESSION

Chair Keene reconvened the OPEN SESSION meeting of the California Student Aid Commission on Friday, February 25, 2011 at 9:00 a.m.

The following Commission Members were present:

Barry Keene, Chair
Lynne de Bie, Secretary
Nancy Anton
Alexander Gonzalez
Lawrence Hershman
Enrique Murillo
Israel Rodriguez
Antonio Solórzano, Jr.

The following Commission Member was absent:

Lorena Hernandez, Vice Chair
Fred Wood

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Chair Keene called for public comment and, hearing none, proceeded to the continuation of agenda item three.

AGENDA ITEM 3 (Continued) – CONSIDERATION OF LEGISLATIVE PROPOSALS ON CAL GRANT COST SAVINGS AND WHAT, IF ANY, INDEPENDENT ACTIONS THE COMMISSION MIGHT WISH TO TAKE (Information/Action)

The Commission discussed the making of a public statement regarding their reasons for establishing the list of priorities. A final draft would be brought back to the Commission before adjournment.

CLOSED SESSION

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

AGENDA ITEM 9 – PENDING LITIGATION: Bersinger v. California Student Aid Commission, Sacramento Superior Court Case No. 07AS02816 (Information/Action); Mather Development Partners IV LP, Claim No. 594709, Victim’s Compensation and Government Claims Board (Information/Action)

AGENDA ITEM 10 – STUDENT LOAN GUARANTY PROGRAM ITEMS:

Agenda Item 10.a – Update on ECMC transition (Information)

Agenda Item 10.b – Update on EdFund transition and financial status (Information)

Thereupon, the Commission recessed the OPEN SESSION at 9:14 a.m. and resolved into CLOSED SESSION at 9:15 a.m.

RECONVENE OPEN SESSION

Chair Keene adjourned CLOSED SESSION at 10:30 a.m. and reconvened the OPEN SESSION at 10:40 a.m. stating that there were no reportable items.

AGENDA ITEM 3 (Continued) – CONSIDERATION OF LEGISLATIVE PROPOSALS ON CAL GRANT COST SAVINGS AND WHAT, IF ANY, INDEPENDENT ACTIONS THE COMMISSION MIGHT WISH TO TAKE (Information/Action)

By **CONSENSUS**, the Commission adopted the following statement:

“The California Student Aid Commission sees higher education as an investment in California’s future. We commend the Governor and Legislature for all they have done to date to preserve the opportunity for a college education for financially needed Californians. Education is the economic imperative of our time and the civil rights issue of our generation. Access and opportunity to higher education is the basis for the formation of our democratic society. As the stewards of access and opportunity of higher education, it is with deep regret that we feel forced, given the budget constraints facing California today, to establish this list of potential reductions to the Cal Grant Programs, should such cost savings become necessary.”

There being no further business, the meeting of the California Student Aid Commission was adjourned at 10:43 a.m.

LYNNE DE BIE
SECRETARY

**California Student Aid Commission
 Priorities for Cal Grant Program Cost Savings if Needed**

The following criteria were taken into consideration in developing the priorities:	
<ul style="list-style-type: none"> > treat all students as equitably as possible > access and completion > alignment with Federal requirements > accountability 	<ul style="list-style-type: none"> > proposed reductions to federal financial aid programs > proposed higher education reductions in the State Budget > cost effectiveness
1	Require a Cal Grant participating institution to have: <ul style="list-style-type: none"> ● a cohort default rate no greater than 20% or loan repayment rate (determination based on staff analysis) and ● institutional aid of no less than 10%
2	Require Cal Grant renewal recipients to meet the same income and asset ceilings and minimum need as new recipients
3	Withdraw a Cal Grant award immediately upon the recipient's failing to maintain satisfactory academic progress in any academic terms occurring after June 30, 2011 and totaling one academic year
4	Limit the number of years of eligibility to 2 years for: <ul style="list-style-type: none"> ● Cal Grant A and B Transfer Entitlement recipients (3 years if enrolled in a recognized 5-year program) ● Cal Grant B recipients attending a California Community College or 2 year program at a non-public institution (3 years if enrolled in a program that requires more than 2 years to complete)
5	Reduce the maximum award at for-profit institutions: <ul style="list-style-type: none"> ● to the Cal Grant award amount for California Community Colleges (currently \$1,551) for recipients pursuing certificates and two-year degrees ● to the Cal Grant award equivalent for California State Universities for recipients pursuing four-year degrees
6	Reduce the maximum award at independent institutions by 15%
7	Limit the Competitive Cal Grant award to the Access Grant amount (currently \$1,551) for all segments
8	Eliminate tuition/fee payments for the Top 2% of High School Entitlement Cal Grant B awards
9	Raise the minimum Grade Point Average for new Cal Grant awards to 2.5 for the Cal Grant Entitlement Programs

1.b

Information/Action Item

California Student Aid Commission

Approval of a 2011-12 interagency agreement with the California Technology Agency for data center support

Action on this item is not required. On April 5, 2011, staff received a notice from The California Technology Agency (CTA) that AB 2408 (Chapter 404, Statutes of 2010) made changes to the interagency agreement process used to contract for information technology services from CTA. CTA and the Office of Technology Services (OTech) will no longer require an executed interagency agreement from state entities to process the direct transfer payments for services rendered.

The Commission receives technology services from the California Technology Agency (CTA) for:

- hosting of the Grant Delivery System;
- network connectivity to the mainframe and State's network;
- mainframe statistical research and reporting systems;
- network support, such as internet services;
- router management;
- peripheral equipment rental; and
- personnel transactions.

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

John Bays, Chief
Information Technology Division