

Information Item

California Student Aid Commission

Executive Director's Report

Enclosed for review is a written report from the Executive Director of the California Student Aid Commission.

Recommended Action: For information only. No action required.

Responsible Person: Diana Fuentes-Michel,
Executive Director



Executive Director's Report April 17-18, 2008

Dear Commissioners,

On behalf of the Commission and its staff, a warm welcome to our newest appointed Commissioner, Israel Rodriguez. The Commission staff looks forward to working with you as we continue our work on behalf of California students and the State of California.

Due to illness, I was unable to participate in the Commission's strategic planning meeting on March 27th. However, the Commission staff and I will be working with the Programs, Planning and Budget Committee on establishing a strategic planning process. I will be providing an information update to you at the Commission meeting.

Update on the Governor's Executive Order to Achieve 1.5% Savings in Current Fiscal Year 2007-08

Pursuant to Executive Order S-01-08, which was released on February 19, 2008, all State agencies and departments were ordered to reduce all non-essential and non-mission-critical expenditures during Fiscal Year 2007-08 to address the projected budget imbalance expected to occur in current year. Department Directors were instructed to reduce General Fund operations budgets by 1.5 percent on an annualized basis for the remainder of Fiscal Year 2007-08, provided that these reductions shall only be made to non-essential and non-mission-critical activities and shall not negatively impact public safety or public health activities. These reductions are intended to achieve total General Fund savings of at least \$100 million in fiscal year 2007-2008.

In response to Executive Order S-01-08, CSAC management has been diligent in identifying areas for reduction in order to achieve current year General Fund Savings. Multiple policies have been implemented to assist CSAC in cost saving measures, including the following:

- Compensating Time Off (CTO) in lieu of paid overtime
- Reduce non-essential training and travel
- Enhanced level of review of purchase orders (POs) and contract delegations (CDs)
- Return of all non-essential blackberry phones
- Video or Teleconference in lieu of travel
- Stepping down of Retired Annuitants and Student Assistants

- Holding non-essential vacancies open

However, the Executive Order was issued after CSAC had begun reassigning civil service staff from EDFUND to CSAC vacant positions. CSAC reassigned these staff to reduce potential staff layoffs which could result from the sale of EDFUND. Some of the cost savings strategies noted above would have been implemented anyway to ensure that the Commission's state budget appropriation was not overspent. The delay in obtaining authority to move to another facility may now offset potential savings from the cost savings strategies recently implemented. CSAC management has discussed these issues with the Department of Finance and will continue to monitor the budget.

Update on the 2008-09 Governor's Proposed 10% Budget Reduction

The 2008-09 Governor's Proposed Budget includes a 10-percent, budget-balancing reduction of \$1.6 million in state operations for the Commission. CSAC management will continue the cost savings measures begun in the current year to reduce costs in 2008-09.

CSAC management has also taken additional steps to reduce budget year costs with the reduction of six positions. Further reductions will likely be forthcoming, as more information becomes available.

The sale of EDFUND will also result in the reassignment of the three employees remaining in the Federal Policy and Program Division and the 25 civil service employees assigned to EDFUND. The sale of EDFUND will likely also result in staff layoffs from among employees currently working at CSAC and employees reassigned from EDFUND, as there are not enough vacant positions at CSAC to retain all employees currently working at CSAC and the employees reassigned from EDFUND.

The majority of affected employees will be placed on the State Restriction of Appointment (SROA) list in the next several weeks. Three names per position to be abolished may normally be placed on a SROA list. The purpose of limiting the names is to restrict list placement to those employees who are least senior, whose jobs are in jeopardy, and who will seriously seek new employment. The combination of a 10-percent reduction and the sale of EDFUND may result in as many as 60 percent of CSAC employees being placed on a SROA list.

CSAC management expects to know more about the impact of the budget year reductions and the sale of EDFUND when the Governor releases his May Budget Revision in mid May.

Since the last Commission meeting in February, our activities have focused on the following:

Federal Policy & Programs Division Update

- The Loan Advisory Council (LAC) was not able to have its March 20, 2008 meeting due to the lack of a quorum resulting from the loss of four members who are no longer working for their designated affiliation.
 - Staff is diligently working to obtain nominations for new members.
 - Staff has tentatively scheduled the next LAC meeting for June 10, 2008.

Governmental Relations Update

- A meeting of the Governance and Monitoring Committee is scheduled for April 15, 2008 to discuss taking positions on new legislation.
- The Commission voted unanimously at its Commission meeting on Thursday, February 28, 2008, to oppose Governor Arnold Schwarzenegger's 2008-09 budget proposal to eliminate new awards to the Competitive Cal Grant A and B, a program that provides financial access to postsecondary education for non-traditional, returning, and older adult students.
- On March 3, on behalf of Commissioners, I sent a letter to the Senate Budget and Fiscal Review Committee and Assembly Committee on Budget and all Members of the Legislature strongly urging them to continue funding the program.
- Staff and I continue to make office visits to Members of the Legislature to advocate for the Competitive Cal Grant program.
- On March 13, I testified before the full Senate Budget and Fiscal Review Committee to urge the leadership to continue funding new awards to the Competitive Cal Grant program.
- On April 8, I will testify before the Senate Budget Subcommittee 1 on Education to discuss the Commission's local assistance programs and operations.
- On April 30, I will testify before the Assembly Budget Subcommittee 2 on Education Finance to urge the leadership to continue funding new awards to the Competitive Cal Grant program.

Information Technology Services Division Update

- The move of WebGrants, WebGrants for Students and Grant Delivery System (GDS) to the Department of Technology Services (DTS) Gold Camp Campus data center was successfully completed during Easter Weekend. Kudos to John Bays and his information technology staff for a job well done. The Interactive Voice Response system is the remaining component to move and is planned for this month.
- Transitions of the EDFUND synergy projects and subsequent move continue to affect resource availability for on-going projects and have forced prioritization of top IT activity as outlined below. These projects will see delays in their implementation schedules due to the transition of IT services to a stand-alone program.
 - Maintaining GDS and delivering production emergency fixes.
 - Real Time Data Base Project, Phase 2
 - High School Graduation Project
 - APLE Automation Project
 - Web Grants for Students Portal and enhancements

- It is anticipated that when EDFUND IT civil servants are reassigned to CSAC, significant time and training will be required for them to become productive in our technical environment, which differs from EDFUND's.
- Phase 2 of the project has been impacted by the loss of CSAC and EDFUND contractors, the move to DTS and the High School Graduation Project and issues with production. We currently are projecting completion of the real time database project in October, but are working on a Special Project Report to allow extension of the schedule and a reduction in scope in case the impacts continue.
- The High School Graduation Project is still on track for completion in late May 2008 to allow high school and college staff, and students, to report graduation dates electronically for students.
- We are working on the Competitive Cal Grant C distribution of Cal Grant C supplemental forms to eligible students.

Management Services Division Update

- On Monday, March 24, the Commission hired Donna Hansen as our new Personnel Manager. Donna has 30 years of state service experience and more than 15 years experience in Personnel. During that time she has managed a full personnel program covering Classification and Pay, Personnel Policy and Procedures, Employee Discipline and Corrective Actions, Equal Employment Opportunity, Complaint Investigation, Recruitment and Examining, Personnel Transactions and Employee/Employer Relations. In addition, she has worked as a contracted Personnel Management Consultant and as a Trainer/Training Coordinator with DPA at the former State Training Center. Donna has the direct personnel experience needed to assist the Commission through the next few years and beyond. The Commission and its staff welcome Donna Hansen to her new position and wish her well.

Programs & Administration Division Update

- The Cal Grant application deadline (March 2) resulted in a 4% increase in the number of FAFSAs filed in California.
- Cal Grant Entitlement Awards have been made to over 56,300 students. Staff continues to process paper GPA forms and weekly award cycles will be run to process additional awards.
- Entitlement candidates who filed on-time FAFSAs but no GPAs have until May 16 to file late GPA appeals. Staff will be contacting those students to inform them of the appeal process.
- The March 2 Cal Grant Competitive and Transfer Entitlement award cycle are anticipated to be run in late April.
- The March 2 Competitive Award cycle is anticipated to be run in late April with postcards being sent to the tentative awardees.

- Cal Grant C applications are anticipated to be mailed in early May.
- Chafee Foster Youth Grant Program: Staff is working with the CA Department of Social Services to amend the contract to roll up \$2 million from FFY 2008 funds to award additional Chafee students during the 2007-08 academic year. All current year funds have been awarded and staff continues to award new recipients with funds returned from an institution.
- WebGrants for Students has a new Home Portal page and was redesigned to provide more comprehensive and useful tools for all students. There are currently over 114,000 accounts established and through our communications, we can continue to encourage students to set up their WebGrants accounts so that they can monitor and manage their awards 24/7.
- Due to budget constraints, the School Support Services staff is identifying the most critical external financial aid training events to finalize the upcoming training calendar, as staff may not be available to continue providing all training events as they have in prior years.
- Program staff continues to identify efficiencies in all operation areas to reduce costs while still maintaining services.

Public Affairs, Research & Policy Analysis Division Update

Public Awareness Campaign:

- The Cal Grant Public Awareness Campaign for contract year 2007-08 approaches the last quarter of the state fiscal year, and subsequently the end of the six years of Commission-approved funding for dedicated public awareness activities through these contracts.
- The final report of the campaign will be submitted to the Commission in late April. All indications are that the campaign received \$1.5 million added value through partnership support, extending our \$2.2 million to over \$3.7 million. The Commission recently sent each of the valued partners a thank-you letter and certificate of appreciation in recognition of their efforts.
- Over the next few months, the calgrants.org Web site will be reviewed and updated to offer more year-round messaging regarding financial aid. In addition, the site will offer financial aid fact sheets in multiple languages, which include Mandarin, Armenian, Hmong, Vietnamese and Tagalog.
- A final synopsis of the campaign will be provided to Commissioners prior to the end of the contract in June. Thank you for your support over the years to get the word out about [Cal Grants, Your Ticket to Success](#) with the tag line, [Where Will It Take You?](#)

California Cash for College Program:

- Since the 2008 Cash for College Workshop series come to a close on March 2, organizers across the state have returned more than 20,000 student evaluations from 520 workshops. Last year about 14,250 unduplicated student evaluations were returned from 398 workshops. We look forward to sharing final results later this month.
- *Student Follow Up* - For a third year, Cash for College will continue partnering with the I Can Afford College Campaign by contacting all workshop participants who did not meet the Cal Grant deadline to encourage them to attend the April and May financial aid workshops offered at California Community Colleges. Students will also be encouraged to visit the www.icanaffordcollege.com website for more information about year-round financial aid at community colleges.
- *2008 Cash for College Incentive Scholarship* - We will take the month of April to implement the scholarship selection and awarding process. To qualify for a 2008 Cash for College scholarship, high school seniors must have attended a workshop, applied for a Cal Grant by the March 2 deadline, and then be randomly selected from the same eligible pool of participants attending a qualifying workshop. More than 500 scholarship recipients will be announced in May. Several Regional Cash for College Coordinating Organizations will host Scholarship Recognition Events in May and June to recognize and celebrate their students' success and thank workshop volunteers.

Move Update

- The Department of Finance and the Department of General Services (DGS) have now both provided approval for the Commission to move to a new facility. After considering eight sites in the Rancho Cordova and Sacramento area, CSAC management selected the site at 3075 Prospect Park (known as the Sprint building) for our new facility. DGS has begun lease negotiations on behalf of the Commission.
- Unfortunately, the delay in getting the approval to move has affected our move-in target date of August 2008. The lease for the CSAC Headquarters facility ends August 31, 2008 and cannot be extended. The Sprint building will not be ready for CSAC in August. Therefore, an interim move is needed. Most of the staff in the CSAC Headquarters will be moved to the CSAC South Building during the summer. However, some staff may have to be moved to another facility. This additional facility has not been determined at this time.

Transition Update:

- EDFUND has agreed to provide the telephone equipment and badge security system CSAC will need once EDFUND moves to their new facility in July. The new telephone system should be installed and ready in June. In addition, EDFUND is moving the microwave connection that supports the CSAC network system and phones in the CSAC Headquarters building from the EDFUND building to the CSAC South Building.

The following chart provides the actions taken by the Commission at its February 28-29, 2008 meeting as well as the status of completion.

	ACTIONS TAKEN BY THE COMMISSION	STATUS
1	Approval of Minutes The Commission approved the November 29, 2007 Commission Meeting minutes, with edits.	Revised minutes to the November 29, 2007 Commission meeting will be submitted to the Commission's Secretary, Yasmin Delahoussaye, for review and signature.
2	Cal Grant Competitive Awards The Commission strongly urges that the Cal Grant Competitive award continue at a negotiated level through budget negotiations.	Commission staff submitted letters to Assembly Member John Laird, Chair of the Committee on Budget, and Senator Denise Ducheny, Chair of the Budget and Fiscal Review Committee on March 5, 2008.
3	Cal-SOAP Criteria and Methodology The Commission directed staff to meet with the Cal-SOAP Advisory Committee and project directors group to discuss concerns and bring them to the next Programs, Planning and Budget Committee (PPB) meeting.	The Cal-SOAP Advisory Committee met on March 17 and their recommendations were brought forward to the PPB Committee, which met on March 28, 2008.
4	The Commission's Move to a New Facility The Commission approved the drafting of letters to the Department of Finance (DOF) and Legislature noting the lack of funding for a move to a new facility, due to unexpected cuts.	Commission staff has had on-going communications with the Department of Finance (DOF), which has approved the Commission's to a new facility. In addition, Commission staff has had conversations with legislative staff who advised the Commission to inform them of DOF's progress on the decision regarding the move.
5	Interagency Agreement with the Department of Justice (DOJ) The Commission ratified the Interagency Agreement with DOJ for \$95,000 for the period of January 1, 2008 through June 30, 2008.	From January 2008 to the present, a total of \$9,993.50 has been spent on this contract. At this time, staff does not expect to require further services under this contract.
6	Annual Report to the Legislature on EdFUND The Commission approved the draft Annual Report to the Legislature on EdFUND for Federal Fiscal Year October 1, 2006 to September 30, 2007.	Copies of the California Student Aid Commission's Annual Report to the Legislature on EdFUND for FFY October 1, 2006 to September 30, 2007 were delivered to the Members of the Legislature on March 18, 2008.
7	Operating Agreement The Commission approved the amendment/extension of the Operating Agreement between the Commission and EdFUND.	The Operating Agreement amendment/extension was hand-delivered to the Joint Legislative Budget Committee and the Department of Finance on March 17, 2008 for comment. Commission staff requested a response by April 30, 2008.
8	Advisory Body Nominations The Commission approved the nomination of Dean Kulju as the California State University Representative on the Commission's Grant Advisory Committee.	Mr. Kulju has accepted his appointment and attended his first Grant Advisory Committee meeting on March 17-18, 2008.

The Commission staff is here to answer any questions you might have on the issues before you at the April meeting. I look forward to seeing all of you on April 17-18, 2008. I can be reached at (916) 526-8271, should you have any additional informational requests or questions.

Sincerely,

Diana Fuentes-Michel
Executive Director
California Student Aid Commission