

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 Staff: Diana Fuentes-Michel,
Executive Director



**Executive Director's Report
April 19, 2007**

Dear Commissioners,

The time between our February and April Commission meetings has flown as we completed the 2007 Cal Grant application filing period, focused on the work of the Commission's Ad Hoc Committee on Roles and Responsibilities and began negotiations on a new Operating Agreement with the Commission's auxiliary organization, EDFUND.

This past month, the Commission's operations staff has been focused on processing this year's application pool. The number of new Cal Grant Entitlement awards for graduating seniors will be known shortly as we are currently processing the final grade point average verification forms that were submitted manually, some 55,000 total forms. The operations and information technology divisions will be processing the Cal Grant Competitive and Transfer Entitlement awards as well as the renewal awards in the coming weeks. The Commission staff and our contractors continue to make progress on the implementation of Phase I of the new Grant Delivery System.

Commission staff has also worked diligently over the last several months on the Commission's new Institutional Participation Agreement (IPA), which is scheduled to be discussed at the Commission's April meeting. Commission staff conducted a series of public hearings to receive comment on the proposed draft agreement. Staff has been working internally over the last several weeks to incorporate comments and respond to issues identified in the public hearing process. The participating public and private institutions have raised concerns about the workload associated with verifying California residency and high school graduation after the fall submission of the federal application for financial aid as well as other issues identified in the Commission's initial audit of the Cal Grant program. Commission staff will present a revised IPA agreement for the Commission's April meeting.

Our communications and outreach staff has been working to finalize this year's public awareness and Cash for College campaign results. Preliminary evaluation results will be provided to the Commission as you consider the proposed program and funding plan for the 2007-08 application cycle which will be presented to you at your April 18-19-20 meeting. It is essential that the Commission staff has sufficient time to plan and produce the collateral information materials that are required to inform students and their parents of financial aid programs and their eligibility requirements. We have had great success in increasing the number of qualified applicants for all forms of financial aid. We need to keep up this public

awareness, particularly among low-income students who without financial assistance would not enroll in college.

Commission staff has also been involved in assisting the Department of Finance auditors in their review of the new Cal Grant application process. This internal audit is part of the Commission's overall internal audit plan to review the Cal Grant programs. It represents the first time since the Entitlement legislation was passed that the Commission's programs have been audited. Commission staff has also provided you with updated information concerning the hiring of the new Internal Auditor chief who will have responsibility for the oversight of the Commission's programs.

The Commission's budget hearings are scheduled the week of April 16-20. The Commission's January budget is typically heard in the legislative budget subcommittees on education prior to the release of the Governor's May Revision.

The following are highlights to the 2007-08 Governor's proposed budget for the Commission:

State Operations

The Governor's January budget proposes that the State operations continue to be funded by the Student Loan Operating Fund.

Budget Change Proposals (BCP): The following are the decisions for the Commission's Budget Change Proposals (BCP) submitted to the Department of Finance:

1. *Approved* – Phase II of the Grant Delivery System Service – Oriented Enhancements requesting \$1,167,000 and 3.0 new positions.
2. *Approved* – Program Compliance requesting \$175,000 and 2.0 new positions to strengthen review efforts.
3. *Not Approved* – The Cal-SOAP Program's General Fund baseline adjustment proposal to cover a cost of living increase in funding was returned without review due to an administrative policy of not reviewing any proposals which would increase support from the General Fund.

One-Time Funding Reduction: As scheduled, the Commission's budget was reduced by a total of -\$1,742,000. These reductions were funded in fiscal year 2006-07; and are being subtracted from the baseline amount in the proposed 2007-08 budget. The reductions are as follows:

- -\$1,316,000 of one-time funding received for Phase I of the Grant Delivery System Service-Oriented Enhancements.
- -\$276,000 of one-time funding received for administering the 2006-07 Student Expenses and Resources Survey (SEARS)
- -\$150,000 for expired limited-term positions for 2005-06 BPC #2 for increased administrative support for the Customer Service Branch.

Other Adjustments: The Commission received the following increases:

- \$590,000 for statewide employee and other operational adjustments.
- \$30,000 plus one-half position to implement a new State Facilities Nursing APLE Program.

Programs (Local Assistance):

Cal Grants: The Commission's programs received a \$41.1 million baseline adjustment increase, which includes growth in new High School Entitlement awards (2%), an increase in new CCC Transfer Entitlement awards due to raising the age limit (AB 2813), and a system-wide fee increase for UC (7%) and CSU (10%).

Assumption Program of Loan Education (APLE):

- APLE Program: \$1.5 million increase to reflect additional loan assumption payments for APLE recipients. In addition, 600 awards were authorized for participants in the Governor's Science and Math Teacher Initiative.
- National Guard APLE Program: \$200,000 authorized to support the 2006-07 awards.

To view the Commission's portion of the 2007-08 Governor's proposed budget, follow the link: <http://www.ebudget.ca.gov/StateAgencyBudgets/6015/7980/department.html>. Also, the Commission has been asked to consider a new interagency agreement to administer the loan forgiveness programs provided in the recent passage of Proposition 63 (the Mental Health Services Expansion). CSAC staff continue to work with the Department of Mental Health (DMH) staff in providing guidance and program expertise in implementing and administering a loan assumption program. DMH staff are currently drafting regulations and finalizing various program criteria with stakeholders. We will continue to provide you with updates on the status of this new proposed partnership.

And finally, the Commission's staff has reviewed and revised our internal agenda production schedule. A copy of the schedule and deadline dates is provided below to assist in our communication with you and our constituencies regarding agenda mailing dates. Should you have any further suggestions about how we might improve our processes, please let me know.

AGENDA ITEMS DUE DATES FOR REGULAR MEETINGS 2007

Senior Staff Provides Agenda Titles to Chief Deputy	Final Agenda Confirmed by Chair	Agenda Items Due to Commission Liaison	Agenda goes to Print Date (8:00 a.m.)	10-Day Notice Posted	Agenda Mail Out Date	Commission Meeting Date
						February 22-23, 2007
						April 18, 19 & 20, 2007
May 21	May 23	June 1	June 8	June 11	June 11	June 21-22, 2007
June 25	June 27	July 6	July 13	July 16	July 16	July 26-27, 2007
August 6	August 8	August 17	August 24	August 27	August 27	September 6-7, 2007
October 29	October 31	November 9	November 16	November 19	November 19	November 29-30, 2007

- Division Chiefs shall consult with Committee Chairs on Commission Agenda items in advance. Committee meetings shall be scheduled before the Commission meeting, as appropriate.
- Draft minutes of applicable Commission (and/or Committee) meetings shall be included in the agenda materials.

I look forward to seeing you on April 18, 19 and 20.

Diana Fuentes-Michel
Executive Director