

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



Report of the Executive Director
June 5, 2007

Dear Commissioners,

The Commission staff has successfully completed another Cal Grant application cycle and is now preparing for the new fiscal year which begins July 1st. As you know, the Governor's May Revision has proposed to sell the Commission's loan services auxiliary, EDFUND, and transfer the Commission's operations and California Student Access and Opportunity Program (Cal-SOAP) from the Student Loan Operating Fund to the General Fund. The Governor's proposed May Revise budget also proposes to significantly reduce funding for the Cal-SOAP program from its \$8.6 million to \$5 million in General Fund support.

At the time of this report, the Legislature is deliberating the Governor's proposed budget and the Legislature has approved the transfer of the Commission's budget from the Student Loan Operating Fund to the General Fund. The Legislature has also restored funding for the Cal-SOAP program. It is important to note that the Governor has the option to veto the legislative restoration to Cal-SOAP. The final outcome of the decision to sell EdFund is still undecided. However, changes in the federal funding for the Federal Family Education Loan (FFEL) Program seem certain as Congress seeks to reduce the federal subsidy provided to administer the federal student loan program.

The proposed changes in State participation in the federal student loan program, if enacted, will have an impact on the Commission's programs if not carefully managed. The Commission has received support for many of its administrative and outreach functions from EDFUND. Our synergy efforts have allowed the Commission to support the expansion of its financial aid and outreach programs. The Commission's staff is working closely with the Administration and the Legislature to ensure that the decision to transfer the State's loan guarantee to another entity will not adversely affect its ability to deliver state-funded financial aid. The Commission's programs are strongly supported by both the Governor and Legislature. We will work hard to ensure that the transition of services occurs smoothly and transparently.

As we discuss possible changes to the Commission's loan program, the Commission staff is also focused on the final phases of implementation of Phase I of the Grant Delivery Enhancement project. The Governor's May Revision budget approved by the legislative budget subcommittees includes funding for the implementation of Phase II which will bring a real-time, state-of-the-art delivery system to the Commission's programs. Our information technology and grant delivery staff will be working together to ensure that the process goes forward successfully. A technical advisory committee is being formed to assist the Commission staff in the implementation of the Grant Delivery System Enhancement project and should be operational this summer.

In regards to deliberations of the final 2007-08 State budget and its impact on the Cal Grant and other specialized aid programs, the Commission anticipates that the Entitlement and Competitive Cal Grant programs will be funded at their proposed levels to cover anticipated student fee levels at the public institutions and to maintain the maximum award for students enrolled in the State's private institutions at \$9,708 a year. Cal Grant C funding remains the same. Our APLE program and new nursing loan assumption programs have been funded along with new funding for the National Guard loan assumption programs. The Governor's May Revision proposal reduced current and budget year expenditures for the Cal Grant program by \$22.9 million and \$42 million, respectively, to reflect revised budget estimates of funding needed to fund the Cal Grant program. The budget adjustment for the Cal Grant program reflected Cal Grant recipients enrolling in lower-cost public institutions rather than in higher cost independent colleges and universities. This change in student behavior as well as the reduction in the number of California Community College Transfer Entitlement students who actually accepted their Cal Grant award and used it to enroll in a public or private institution resulted in a lower budget for the Cal Grant program.

New Interagency Agreement with the Department of Mental Health to Implement Mental Health Professional Loan Assumption Program

As you may recall at your last meeting, I informed you that the Department of Mental Health has expressed interest to partner with the Commission in administering a new loan assumption program for mental health professionals. Discussions have continued and the Commission staff anticipates bringing forward an interagency agreement that will implement this new loan assumption program provided for under the provisions of Proposition 63. Commission staff has been working closely with department representatives to identify the appropriate timeline, processes and funding/staffing requirements to implement this program.

Announcement of Arthur Marmaduke High School Counselor of the Year Award

The Commission and EDFUND, recently announced that Robin Sroka of Woodrow Wilson Classical High School in Long Beach, California is this year's recipient of the distinguished 2006-07 Arthur Marmaduke High School Counselor Award. This award was established by the Commission in 1985, and goes to an outstanding California high school counselor who demonstrates commitment and skill in motivating and helping an exceptional number of graduating high school seniors to receive financial aid for education beyond high school. Ms. Sroka, has been long been recognized in her community for her extensive and outstanding financial aid counseling practices. She was selected from an exceptional field of candidates. She was honored at Woodrow

Wilson Classical High School's spring award night. Chair Louise McClain presented the award on behalf of the Commission.

Commission participation in State Employees Charitable Campaign at nearly 75 percent

I also wanted you to know that this year, our staff received recognition for their continued generosity to the greater Sacramento community. Each year, the California State Employees Charitable Campaign (CSECC) works to improve the greater Sacramento community and the State of California, by pledging their financial support for nonprofit organizations, which provide needed social services to needy members of our communities. This year, 134 of the 180 State employees of the California Student Aid Commission have pledged over \$29,000 through CSECC. This level of participation represents almost 75 percent of our workforce. This participation rate compares to 17.2 for all state employee groups. I truly appreciate the commitment of our staff to our local communities. Let's applaud them for their continued generosity.

As to organizational matters, we have received approval from the Department of Personnel Administration for a staff attorney position and have begun the process of advertising the job opportunity.

And finally, while this month has been busy as another school year ends and we celebrate the conferring of degrees, I want to recognize the rewarding partnership with our business, government and education organizations. Our Cash for College partnership with the California Education Financing Commission will provide over \$300,000 in scholarships to our workshop participants who successfully completed the financial aid application process. Kudos to all our local partners, particularly the financial aid community and the Cal-SOAP project directors and staff who made this happen. We will be providing you with an update at our June meeting on the status of our outreach programs anticipating an early start this fall on our public awareness and Cash for College campaigns.

I look forward to seeing you on June 21-22, in Sacramento as we move forward towards another year of providing educational opportunities to Californians.

Best regards,



Diana Fuentes-Michel
Executive Director