

**Action/Information Item**

***California Student Aid Commission***

**Consideration and Recommendations on the Funding of Continuing Service Level and Synergy Projects Between EdFund and the Commission required by the Operating Agreement and Service Level Agreement**

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As noted in the Executive Director's report in the June 26-27, 2008 Commission meeting, over the last several months, the Commission's management has had to implement two phases of staff reductions due to the Governor's executive order to reduce all State agency and department budgets by 1.5 percent in the last quarter of the current fiscal year, and due to, and in anticipation of, the Governor's January budget, which proposed a 10-percent reduction in state operations and the redirection of CSAC staff assigned to EDFUND to non-loan assignments within the Commission. In addition, the Governor's January proposal to sell EDFUND included provisions to separate the information technology and business functions of the Commission's operations from the support of its auxiliary. The Commission also had to make plans to move its operations to another location as the initial facility plan approved by the Commission and EDFUND Board of Directors identified a joint facility plan for both organizations. As a result of these actions, the Commission management has reduced its workforce by eliminating the employment of its student assistants, retired annuitants and 16 members of its permanent civil service workforce.

CSAC management provided the Commission with specific information at its June 26-27, 2008 Commission meeting on the consequences of these reductions on services to students and participating colleges and universities served by the Commission. These consequences include, but are not limited to, the following:

- Because of the loss of staff, the Program Administration and Services Division (PASD) reduced the Call Center Hours and is experiencing delays in opening and processing mail. The training staff all transferred to other state agencies leaving the division with the Cal Grant Operations Manager as the only experienced trainer.
- The Information Technology Division (IT) also lost experienced staff resulting in increased risk and ability to respond to system failure. The division also has limited resources to manage the various moves of Commission staff from one building to another and install the new phone system. IT also took on additional workload when the Grant Delivery System data server was moved from EDFUND to the state data center in anticipation of the sale of EDFUND and the expectation of the addition of new staff in 2008-09 to support the new workload.

While these situations have created considerable workload issues, CSAC management continues to work on high priority projects and is developing strategies to limit the impact on the delivery of grants and services to students, parents, and institutions. For example,

on July 7, 2008, Executive Director Michel sent a letter to EDFUND President Sam Kipp requesting temporary reassignment of EDFUND civil service employees, as needed, to assist with current and future workload issues due to the postponement of the sale of EDFUND. A cooperative arrangement between CSAC and EDFUND will provide an opportunity for EDFUND civil service staff to become familiar with the CSAC programs as well as assist CSAC in meeting its business needs.

EDFUND support has always been essential to the delivery of grants and services to students, parents, and institutions. Since its establishment, EDFUND has provided a variety of administrative services for CSAC such as mailing, printing and technology support saving CSAC both staff time and money. In addition, CSAC and EDFUND have successfully worked together on a variety of other synergy projects during the past few years, such as:

- Student Expenses and Resources (SEARS) Survey
- The Commission Grade Point Average (GPA) Imaging Optimization
- The Commission Call Center Interactive Voice Response (IVR) system
- FAFSA for Student/Parents Video
- Fund Your Future Publications
- Transfer of Grant Delivery System from the state data center to EDFUND
- APLE Program Imaging

The Governor and Legislature are aware that CSAC and EDFUND have worked together to accomplish these projects and that some of the cost for these projects has been charged to the Student Loan Operating Fund (SLOF) as non-loan program – grant administration costs budgeted in the annual Loan Program Budget. The actual services and projects can vary from year to year. The 2007-08 Loan Program Budget included \$1.3 million budget for non-loan program - grant administration costs.

The Service Level Agreement, approved as part of the 2007-08 Operating Agreement, indicates that various services are to be performed by CSAC and/or EDFUND. When Department of Finance reviewed the extension of the Operating Agreement through 2008-09, DOF staff made it clear in their conversations with CSAC staff that DOF expected that EDFUND would continue to provide the same level of service.

At the June 26-27, 2008 Commission meeting, the Chair Hankwitz asked EDFUND President Sam Kipp to propose ways in which EDFUND could assist the Commission in continuing to serve students in California by providing sufficient funding to maintain the previous level of services EDFUND provided to the Commission and synergy projects involving EDFUND and the Commission. Chair Hankwitz sent a letter on July 3, 2008 to President Kipp reiterating his request and asked for proposals by July 15, 2008.

The Commission should consider taking action that indicates that the Commission supports this request.

**Recommended Action:** The Commission directs CSAC and EDFUND to develop a budget that will provide continued services at no less than the level provided in 2007-08 as part of the proposed 2008-09 Loan Program Budget.