

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, which includes:

- a. EdFund Report (Information)
- b. California Student Opportunity and Access Program (Cal-SOAP) Project Directors' Report (Information)

Recommended Action: For information only. No action required.

Responsible Person(s): Diana Fuentes-Michel
Executive Director



Executive Director's Report September 2010

Dear Commissioners,

As colleges and universities across the state begin another academic year, the Commission staff is mindful of the important role that timely delivery of grant aid plays in college access and success. This summer, I have received an unusual number of correspondences from students. Their stories illustrate the difficult economic times that our state faces. Most California college students receive some type of financial assistance in order to enroll in college. Some students relay that they aren't able to get the classes they need to matriculate. Others can't find sufficient work outside the classroom to meet the full cost of their education and yet others are on the verge of dropping out of school because they feel that they can't borrow anymore money because the likelihood of getting a good paying job beyond college is fleeting. The three legs of the financing "stool" for higher education are in desperate need of repair. In this economy, many students will be denied an education and training because of the limited enrollment in our public sector and the inability to afford the cost of our private.

The Commission, like most state agencies, is facing another round of staff furloughs. In July, furloughs were temporarily discontinued. In August, the Governor issued an executive order; while challenged in the courts, his order was stayed and resulted in furloughs being implemented again. Until there is a state budget and/or the courts intervene, the Commission's offices will be closed the second, third and fourth Fridays of each month. In these uncertain times, the Commission staff continues their work on behalf of students. I applaud their work ethic and their commitment to our participating students and schools.

Below I have provided you with an update on the key issues facing the Commission and its staff.

Cal Grant Funds Delayed

This summer has been marked by many operational challenges as the State of California began the fiscal year without a state budget. Due to the fiscal crisis, the Commission was unable to advance 2009-10 payments to participating Cal Grant institutions this summer. For the second time, summer school payments were not made for students participating in summer session. This situation occurred because of a decision by the Department of Finance to withhold funds until all Cal Grant institutions reconciled their 2009-10 Cal Grant funds prior to issuing the summer advance. By regulation and practice, Cal Grant participating institutions have until December 15th to reconcile their Cal Grant payments. Although the Commission made

numerous attempts to request that institutions reconcile their accounts this summer, not all participating institutions did so.

At the time of this report, the 2010-11 State budget has not been enacted. Without a state budget, the Commission is unable to authorize \$407 million in Cal Grant “advance” payments. While the University of California and the California State University have indicated that they will advance funds to Cal Grant students until a state budget is enacted, the California Community Colleges, the private independent institutions and for-profit institutions have indicated that only some of their districts and institutions will advance funds. Community college districts have faced their own cash-flow issues, which have restricted the number of colleges that can advance students funds. The private sector is faced with some of the same financial issues, which will limit the number of institutions who can advance students their Cal Grant funds.

The chart below provides information on the number of students impacted by the delay in Cal Grant payments.

Higher Education Segment	Number of Students Impacted
Community Colleges	121,400
California State University	94,600
University of California	66,100
Private Colleges & Universities	29,000
Private Career Colleges	24,400

Once a state budget is in place, the Commission will submit Cal Grant eligibility rosters to the State Controller’s Office for disbursement. The question of how long it will take to disburse funds once a budget has been enacted is unknown at this time. We will be communicating with financial aid staff through our Special Alert email communication to inform them once the process is in place.

STATUS OF THE COMMISSION’S PROGRAMS

Information Technology Services Division Update

The current Cal Grant Award numbers for 2010 are as follows:

- High School Entitlement Award
 - 93,310 offers
 - 18% increase over last year
- Community College Entitlement Transfer Award
 - 20,249 offers
 - 40% increase over last year

Program Administration & Services Division Update

Program Operations Update

- Commission staff has completed the 2010-11 Cal Grant award processing including the Cal Grant C award process and the top two percent of first time Entitlement Cal Grant B

participants. Staff is currently processing 2010-11 September 2 Community College applications to announce awards before the end of September.

- Over \$26 million in Cal Grant funds, including summer term payments, are pending the State's authorization of additional Cal Grant funding authority. Commission staff continues to provide updates to both schools and students regarding the current status of these pending funds.
- Senate Bill (SB) 1382, chaptered July 15, 2010 and effective January 1, 2011, eliminates the requirement in law that the Commission calculate new Cal Grant need according to the methodology in place during the 2001-02 academic year. Veterans' education benefits will not be included when calculating financial need and not reduce student's other financial aid resources. Commission staff will communicate the methodology to be used to provide students with the best financial benefits allowed by the law while making institutional calculations the easiest to put into place.
- The public comment period for the proposed amended regulations for the California National Guard Education Assistance Award Program (CNG EAAP) began its 45-day public comment period on August 20, 2010 to allow all interested parties to comment on the proposed final regulations. The public comment period ends on October 4, 2010.
- The five-day public comment period for AB 187 began on July 28, 2010 to allow interested parties to comment on the proposed emergency regulations to the Office of Administrative Law (OAL). The deadline to submit comments ended on August 2, 2010. The OAL filed the proposed emergency regulations with the Secretary of State on August 9, 2010. Commission staff will move forward on the regulatory process required by law for adopting the final regulations.

Support for Students and Parents

- The Commission's call center continues to staff only half days Monday through Friday (1:00 pm to 4:45 pm). Responding to a recent increase in the number of calls from parents and students, management is redirecting staff to increase the hours of the call center. The Commission's call center hours will be expanded from August 30 to October 15 to assist students and parents with their Cal Grant, Specialized Programs and other financial aid questions.

Training and Support for Schools

- Commission staff will open the 2011-12 March 2 Grade Point Average (GPA) electronic upload process in early September. Staff will provide up to 15 GPA electronic upload training sessions via webinar technology to high school counselors and financial aid administrators. Staff will reach out to high schools not yet using the electronic method to provide support and training to assist them in uploading GPAs.
- In partnership with the California Association of Student Financial Aid Administrators (CASFAA), the Commission staff will be providing 10 Cal Grant Workshops and providing trainers for 9 high school workshops during the months of October and November at the 2010 High School Counselor Workshops. These workshops offer

information on federal and state financial aid, including Cal Grants, Specialized Programs and Cash for College.

- The School Support staff team and trainers will provide WebGrants ad hoc training requests for new financial aid administrators via webinar and some local in person training.

New Specialized Program Update

- On July 27, 2010, the California Emergency Management Agency (Cal EMA) submitted the application for funding to the U.S. Department of Justice for the John R. Justice (JRJ) Grant Program. Commission staff has met with the Cal EMA staff to provide input in the development and implementation of the program. Commission staff will continue to participate in upcoming meetings to identify the Commission’s role and define the details of the program requirements, including the staff time, resources needed, and reimbursement for administrative costs.

STATUS OF ACTIVITIES RESULTING FROM ACTIONS TAKEN BY THE COMMISSION

Below is a summary of the actions taken by the Commission at its May 19 and June 24, 2010 meetings.

	ACTIONS TAKEN BY THE COMMISSION	STATUS UPDATE
1	<p>Amendment/Extension of the Operating Agreement between the Commission and EdFund</p> <p>On May 19, the Commission voted to approve a one-year extension of the Operating Agreement with amendments pertaining to EdFund policies, reimbursement of EdFund expenses, confidentiality, federal reporting, dispute resolution and legal recourse.</p> <p>On June 24, after receiving an update on EdFund’s proposed amendments and the status of the Department of Finance’s review, the Commission decided not to take action and leave the final decision to Finance.</p>	<p>The Operating Agreement Amendment/Extension was submitted to the Joint Legislative Budget Committee and the Department of Finance (Finance) on May 25, 2010 to begin the 45-day review period. The Commission re-submitted the amendment/extension on June 9, 2010 with a corrected enclosure.</p> <p>The Operating Agreement was signed, and made effective as of July 1, 2010.</p>
2	<p>Interagency Agreements</p> <p>At its June 24, 2010 meeting, the Commission authorized the Executive Director to enter into the following:</p> <ol style="list-style-type: none"> 1) An interagency agreement for \$200,000 with the Department of Justice’s Attorney General’s Office for the period of July 1, 2010 through June 30, 2011; 	<ol style="list-style-type: none"> 1) The interagency agreement with the Attorney General’s Office is in progress.

	ACTIONS TAKEN BY THE COMMISSION	STATUS UPDATE
	<p>2) An interagency agreement for \$190,000 with the Office of Technology Services for the period of July 1, 2010 through June 30, 2011; and</p> <p>3) An interagency agreement with the California Emergency Management Agency (Cal-EMA) to administer the federal John R. Justice Grant Program.</p>	<p>2) The interagency agreement with the Office of Technology Services is In progress.</p> <p>3) CSAC and Cal-EMA staffs continue to meet to discuss program specifics.</p>
<p>3</p>	<p>State and Federal Legislative Issues</p> <p>On June 24, the Commission adopted the following official positions on proposed legislation:</p> <p>1) Support, as amended on June 16, Assembly Bill (AB) 1997 (Portantino): Community Colleges: Student Financial Aid: Pilot Program</p> <p>2) Support AB 2086 (Coto): Cal Grant: Qualifying Institutions: Publication of License Examination Passage Rates</p> <p>3) Support Senate Bill (SB) 957 (Price): Student Financial Aid: Cal Grant C Awards</p> <p>4) Support SB 1460 (Cedillo): Student Financial Aid: Eligibility: California Dream Act of 2010</p>	<p>See Agenda Item 10.</p>
<p>4</p>	<p>Emergency Regulations Amending Title 5, Division 4, Chapter 1, California Code of Regulations regarding the Cal Grant Alternative Delivery System Pilot Program (Education Code §§ 69450-69460)</p> <p>On June 24, the Commission ADOPTED the emergency regulations and, at the same time, committed to making a concerted effort to solicit advice and recommendations from the institutions.</p>	<p>The proposed emergency regulations were approved by the Office of Administrative Law and filed with the Secretary of State on August 9, 2010. These regulations will now remain effective for 180 days as Commission staff begin the final rulemaking process.</p> <p>On July 21, 2010, the correspondence requested by the Commission to seek additional information from stakeholders was sent. As of August 18, 2010, the Commission has not received any responses.</p>
<p>5</p>	<p>Commission Meeting Minutes</p> <p>On June 24, the Commission approved the minutes of the April 15, 2010 Commission meeting, as presented.</p>	<p>The approved meeting minutes will be submitted to the Commission Secretary for signature.</p>

Termination of the Commission's Participation Agreement in the Federal Family Education Loan Program

On July 20, the United States Department of Education (USDE) notified the Commission, the California Secretary of Education and the Chief Deputy Director of the Department of Finance that no sale or transfer of the Commission's guaranty function will occur under the provisions of Senate Bill 89. The USDE also stated that it would terminate the guaranty agreement with the Commission no later than October 31, 2010. While the Commission awaits the Department to announce the successor agency for the federal student loan program, Commission staff is focused on plans for transitioning the business and technology support functions for the Cal Grant and specialized programs. Presently, the Commission's auxiliary organization supports a number of synergy programs in informational technology, business services, outreach publications as well as financial aid training.

Federal Challenge Grant Application Approved

On August 14, 2010, the Commission was notified that it would receive federal Challenge Grant funds for the 2010-11 fiscal year. These funds were appropriated in the federal SAFRA legislation passed by Congress and signed by the President earlier this year. These funds are included in the Governor's Budget for 2010-11 and are designated for the Cash for College and Cal-SOAP programs.

Lastly, I have included the following written reports:

- a. EdFund Report
- b. Cal-SOAP Project Directors' Update

Should you have any questions regarding this report, please contact me directly.

Sincerely,

Diana Fuentes-Michel
Executive Director
California Student Aid Commission
(1975-1979 Cal Grant B Recipient)



President's Quarterly Report to the Board of Directors For April 1 – June 30, 2010

Submitted August 2010

Since its inception, EdFund has had the finest staff in the nation working directly with schools to meet their needs and support students' and borrowers' higher education dreams. As a result of federal changes to the loan program, EdFund has had to eliminate almost all of these positions. These individuals were the face of EdFund and their major contributions are what helped define us and set us apart for all these years. Their presence is sorely missed by schools and borrowers across the country, and by co-workers throughout the company. These changes resulted in corresponding reduced workloads in other divisions, and consequently, we carried out a reduction in force in the Client Solutions and Services, Legal and External Relations, Information Technology Services and Finance and Administration divisions.

The second quarter of 2010 constituted the final days of new loan origination under the Federal Family Education Loan (FFEL) Program. Even with the administration trying to move all schools into the Direct Loan Program earlier than the July 1, 2010 effective date, EdFund's loan volume for the three quarters ending June 30, 2010 was a remarkable \$4.046 billion. In addition to a strong finish in loan volume, total net recoveries were up over 10 percent from last year.

On the state front, as the governor's planned sale of EdFund appeared to be nearing conclusion, when the U.S. Department of Education (ED) officially informed the state Department of Finance that not only would ED not approve a sale, but also that ED will terminate CSAC's guaranty agency agreement no later than October 31, 2010. How this unexpected turn of events will impact EdFund remains to be seen.

Through all this change and uncertainty, EdFund continues to effectively administer the existing loan portfolio and to look for ways to leverage our reputation and experience as an advocate for student borrowers.

Legislative Issues

H.R. 3221 – the Student Aid and Fiscal Responsibility Act of 2009 (SAFRA), was originally introduced in the House of Representatives in July of 2009. After it passed the House 253–171 in September 2009, it went to the Senate. Instead of the Senate passing it and bringing it before a Senate and House conference committee, it was modified and added to the Health Care and Education Reconciliation Act of 2010 (HCERA).

The third quarter of federal fiscal year 2010 represented the final days of the FFEL Program. On March 30, 2010, President Obama signed the student aid provisions of the HCERA (Public Law 111-152). The passing of HCERA meant that after June 30, 2010, no new student loans could be originated and guaranteed under the FFEL Program. Effective July 1, 2010, all new federal student loans are provided directly from the federal government through the William D. Ford Federal Direct Loan Program.

The latest projection from the Congressional Budget Office estimates that the student aid provisions of HCERA will save the federal government \$68 billion over the next 11 years.

The student aid provisions:

- Invest \$36 billion over 10 years to increase the maximum annual Pell Grant to \$5,550 in 2010 and to \$5,975 by 2017. Starting in 2013, the grant will be linked to match rising costs of living. This includes an investment of \$13.5 billion to partially fund a shortfall in the Pell Grant Program due to increased demand for the grants.
- Invest \$750 million to bolster college access and completion support for students. It will increase funding for the College Access Challenge Grant program, and will also fund innovative programs at states and institutions that focus on increasing financial literacy and helping retain and graduate students.
- Make federal loans more affordable for borrowers to repay by investing \$1.5 billion to strengthen an income-based repayment program that previously allowed borrowers to cap their monthly federal student loan payments at 15 percent of their discretionary income. These new provisions lower the monthly cap to 10 percent for new borrowers after 2014.
- Invest \$2.55 billion in historically black colleges and universities and minority-serving institutions to provide students with the support they need to stay in school and graduate.
- Invest \$2 billion in a competitive grant program for community colleges to develop and improve educational or career training programs.

Transition to Direct Lending

According to ED, 4,296 schools representing 85 percent of all domestic federal student loan volume were participating in the Direct Loan Program as of July 22, 2010. The remaining 785 schools (15 percent), which mostly operate on alternative academic schedules, will continue to transition through the remainder of the year. In May, Student Lending Analytics published a survey stating that 83 percent of respondents (schools) rated their level of satisfaction as acceptable or higher when it came to their Direct lending implementation process.

Recent Direct loan processing statistics:

- Federal Student Aid processed more than 812,000 master promissory notes in April 2010, a 523 percent increase over the same time period last year. Of those, approximately 790,000 MPNs were filed electronically via the StudentLoans.gov website.
- Federal Student Aid originated approximately 784,000 Direct loans in April 2010, a 158 percent increase over the number of Direct loan originations in April 2009.

ED is in the process of relying on four new loan servicers (FedLoan Servicing - PHEAA, Great Lakes Educational Loan Services, Nelnet and Sallie Mae) in addition to the current Direct Loan Servicing Center, ACS, to originate and service the growing portfolio of federal student loans.

Potential Role for Guaranty Agencies

As a result of sales of recent FFEL Program loans to ED and the origination of new loans under the Direct Loan Program, many borrowers have found that their student loans are divided among several lenders and servicers. As a result, the need for the counseling services guaranty agencies provide is even more critical.

The Higher Education Act specifically provides that the entities with which the Secretary may enter into contracts for services under the Direct Loan Program shall include, where practicable, guaranty agencies, if those agencies have the required experience and demonstrated effectiveness. Specifically, SAFRA would have authorized the Secretary to contract with student loan guaranty agencies or their nonprofit subsidiaries for delinquency prevention and default aversion services, default collections, financial aid counseling, career

and education counseling, financial literacy, guidance counselor and financial aid officer training services, and other outreach services.

In a statement in the Congressional Record, House Education and Labor Committee Chairman George Miller (D-CA) said, "I encourage the Secretary to use existing contracting authority to contract, when appropriate, with state-designated guaranty agencies for the delivery of services that increase student loan repayment and decrease default."

In a colloquy with Senators Gillibrand, Schumer and Specter, Senate Health, Education, Labor and Pensions Committee Chairman Tom Harkin agreed that the services provided by guaranty agencies "are very important." Senator Schumer responded "that is why Senator Gillibrand, Senator Specter and I believe it would be beneficial for the Secretary of Education to use this authority for state guaranty agencies that provide valuable services." Bill Taggart, chief operating officer of Federal Student Aid, has stated that he would like to continue to "leverage their [guaranty agencies'] skills and capabilities." ED is currently working with the Administration and having conversations with industry leaders to design a role for guaranty agencies in the Direct Loan Program.

Recent developments include:

Supplemental Appropriations Act, 2010 (H.R. 4899)

On July 1, U.S. Rep. George Miller, the chairman of the House Education and Labor Committee, announced the House passage of H.R. 4899, the Supplemental Appropriations Act of 2010. The Act invests \$4.95 billion, fully offset, to address the current year shortfall in the Pell Grant Program. In the last academic year, more than eight million students received Pell grants.

FY 2011 Federal Appropriations Update

On July 15, the House Appropriations Subcommittee on Labor, Health and Human Services, and Education passed its fiscal year (FY) 2011 funding bill – the first step in the annual appropriations process that will determine funding levels for all but a few federal education programs. FY 2011 begins October 1, 2010. Overall, the chairman's markup included total funding of \$176.4 billion, \$1.5 billion less than the president's 2011 budget request. This included \$72 billion for ED, \$1.5 billion less than the president's request and \$7.7 billion more than the current-year funding level.

The subcommittee markup also included \$23.1 billion for Pell Grants, \$5.7 billion more than the 2010 appropriation. The markup is not enough to maintain the current maximum grant level of \$4,860. Congress also passed a reconciliation bill earlier in 2010 that provides an additional \$13.5 billion for Pell Grants. Combined with the \$23.1 billion in 2011 spending, these funds will not fully cover the \$35.1 billion cost of the Pell Grant Program. That said, the subcommittee markup represents a large increase in education funding for 2011 over 2010 levels, though it does not quite reach the president's request.

On July 29, the full Senate Appropriations Committee approved a \$169.6 billion funding bill. This version would maintain a level discretionary funding base for the Federal Pell Grant Program of \$4,860. That amount, combined with a mandatory add-on from HCERA, would provide a maximum Pell Grant of \$5,550 in the 2011-12 year. The Senate's bill does not include \$5.7 billion to cover an estimated Pell Grant shortfall in the 2011-12 year.

The Federal Supplemental Educational Opportunity Grant (FSEOG) program, the Federal Work-Study (FWS) program, and the Leveraging Educational Assistance Partnerships (LEAP) program in FY 2011 would all be level funded under the appropriations bill. TRIO would be increased by \$15 million under the bill and Perkins loan cancellations would receive no funding.

The Obama Administration released its FY 2011 budget request in early February, but the appropriations process has been delayed in Congress. If the House and Senate are unable to pass FY 2011 appropriations bills, continuing resolutions will need to be passed to continue funding for federal programs beyond October 1, 2010.

Education Department

James Kvaal, a special assistant at the White House National Economic Council, replaced Robert Shireman as Deputy Undersecretary of Education on July 1, 2010. Prior to Kvaal's arrival, Eduardo M. Ochoa, Provost and Vice President of Academic Affairs at Sonoma State University, joined ED to work for Undersecretary Martha J. Kanter. The administration is likely to shift its education focus to elementary and secondary education in the next year, as Congress prepares to reauthorize the No Child Left Behind law.

Direct Lending Interest Rates/Fees

The interest rate for Direct subsidized Stafford loans whose first disbursement is between July 1, 2010, and June 30, 2011, decreased to 4.5 percent from 5.6 percent (the rate will return to 6.8 percent beginning July 1, 2011). All other newly issued Direct unsubsidized Stafford loans carry fixed interest rates of 6.8 percent. Interest rates on Direct PLUS loans for graduate and professional students and parents of dependent undergraduates remain at 7.9 percent (compared to 8.5 percent for FFEL Program PLUS loans).

The origination fee on Direct Stafford loans will decline to 1 percent from 1.5 percent for loans whose first disbursement is on or after July 1, 2010. Because origination fees are deducted from the proceeds of the loan, this change will result in more dollars being available to pay the student's college costs.

Loan Servicing Jobs in the United States

On July 7, 2010, ED announced the appropriation of \$50 million (\$25 million per year for 2010 and 2011) to help loan servicers in the FFEL Program. This program, also referred to as SAFRA Payments to Loan Servicers for Job Retention, intends to retrain and redeploy workers most affected by the HCERA and SAFRA changes. Funds under the job retention program will be allocated among loan servicers and guarantors with high numbers of employees engaged in loan origination activities at each particular location, weighted by the unemployment rates in those communities where, in all likelihood, laid-off workers would have the hardest time finding new work. We submitted an application for the grant by the August 6, 2010 deadline. The Secretary is required to award these funds by September 30, 2010. ED estimates that approximately 37 servicers will apply.

Business Planning Initiatives

In preparing for the 2010-11 budget and business plan, EdFund management was first challenged with assessing the unprecedented operational and administrative impact from passage of the HCERA (H.R. 4872). As previously discussed, HCERA dramatically altered the FFEL Program structure by eliminating new FFEL Program lending effective July 1, 2010 and mandating that all new federal student loans be originated through the Direct Loan Program. Evaluating the impact of HCERA on 2010-11 business planning began with executive management developing near-term guiding principles to help direct EdFund's operations over an 18-month horizon (through September 30, 2011).

Because it remains to be seen how the HCERA legislation will impact the remaining guaranty agency functions of default aversion, prevention and collection, several 2010-11 budget iterations may be needed as information unfolds. The months ahead will indicate what provisions or guidance, if any, ED will give to guaranty agencies regarding management of the student loan portfolios still under their control; or whether opportunity will exist

for guaranty agencies to bring the FFEL Program strengths, including borrower counseling and default prevention initiatives, to the Direct Loan Program.

In the interim, EdFund will focus 2010-11 business planning efforts on pursuing its core mission, employing appropriate wind-down strategies, developing plans for offering borrower support services, and exploring industry consolidation opportunities. Using these near-term guiding principles, EdFund prepared a 2010-11 preliminary budget that was provided to CSAC in June 2010, as required by the operating agreement. The 2010-11 budget was revised in early July 2010 to incorporate staff reductions resulting from the elimination of new FFEL Program loan originations. This second 2010-11 budget iteration will be presented to the Board for approval at the August 13, 2010 meeting.

On the state front, the governor's planned sale of EdFund appeared to be nearing conclusion when ED officially informed the state Department of Finance that not only would ED not approve a sale, but ED will also terminate CSAC's guaranty agency agreement no later than October 31, 2010. How this unexpected turn of events will impact EdFund and the 2010-11 budget and business plan remains to be seen. As ED's plans for the \$33.8 billion portfolio become available, the results will be incorporated into a revised 2010-11 budget and business plan.

Borrower Success Services

EdFund's first multi-year contract for Borrower Counseling Services with one of the largest national postsecondary education institutions has generated nearly \$1.2 million through June 2010. At this pace, we are on track to break even with our initial investment within eight months — a remarkable milestone for any new business venture.

EdFund's Borrower Counseling Services are responsive to the unique needs of borrowers at different stages in the life cycle of their loans. These services build upon the successful program EdFund initiated through its Voluntary Flexible Agreement with ED, which resulted in higher return-to-school rates as well as lower delinquency rates and defaults. The program was successful at helping even the most at-risk students — those who withdrew from school before completing their program of study.

EdFund's Borrower Counseling Services will enable students to persist and succeed by providing counseling and support from the moment they leave school. With early assessments of the new three-year cohort default rate (CDR) indicating that many schools will see their CDRs nearly double from their current two-year rates, the timely and diligent application of EdFund's tried and proven services will make a positive impact on borrowers' repayment success.

Student Success Initiatives and Client Training Support

Student Success Initiatives (SSI)

SSI continues to assist schools with various student success initiatives. The team began to preview the new online counseling tool, Finance Your Independence™ (FYI), with several targeted schools. Through June, we have 12 schools signed up to participate in our preview and provide feedback, and we've already had over 600 students complete the course. This new tool, developed using learning management system software, provides flexibility and customization to schools needing to fulfill their regulatory student loan counseling requirements. It also assists schools that are beginning to offer their own customized financial literacy curriculum. FYI offers the student an interactive and engaging environment in which to enhance their knowledge of basic money management skills and concepts. Our next phase will involve moving our current EdTest users over to the new FYI platform. We anticipate this process to be completed by year's end.

Client Training – Financial Aid

EdFund's financial aid training team continues providing webinar training to a broad audience. During this third quarter, we offered 253 webinar sessions and reached over 4,000 attendees. This takes our year-to-date webinar results to 328 sessions reaching over 10,500 attendees. The customer survey results continue to show high levels of satisfaction. Our most attended sessions continue to be Year-round Pell and the FAFSA.

Outreach and Publications for Students and Borrowers

EdFund's *Fund Your Future*[®] national workbook received the Magnum Opus Silver Award for Best Public Service Series. This recognition confirms that our message is effectively reaching students and families who need information on how to finance a college education. In addition to the Silver Award, *Fund Your Future* received an Honorable Mention for Best Nonprofit Publication, along with the American Cancer Society and Hopelink.

The need to inform students and parents about all the aid that's available to them becomes even more critical as costs rise and the economy remains depressed. EdFund created the ***Fund Your Future: Planning and Paying for College Facebook***[®] page as a resource on all the ways to pay for college and now has 340 who "like" the page. The page provides alerts about looming deadlines, links to important resources, timely reminders about upcoming events, and answers to questions.

With the elimination of new FFEL originations and guarantees, we are reviewing our expenditures in the area of publications and seeking ways to trim expenses without eliminating services to borrowers.

EdFund Charities Golf Tournament

For the last four years, EdFund has been awarding college scholarships to foster youth with proceeds from its Annual Charity Golf Tournament. In 2009, five students chosen by the Orphan Foundation of America (OFA) received scholarships.

The EdFund Annual Charity Golf Tournament, held this year on May 18 at The Ridge Golf Club in Auburn, CA, raised over \$30,000, which will enable 10 students to receive scholarships. Since its inaugural Charity Golf Tournament in 1998, EdFund has donated nearly \$300,000 to education-focused efforts for underserved populations.

**California Student Opportunity and Access Program (Cal-SOAP)
Project Directors' Report**

September 2010

Mr. Ken Songco, Project Director for the San Francisco Cal-SOAP Consortium, submitted the following report on behalf of all sixteen Cal-SOAP Consortia:

On July 28-29, 2010, the Sacramento Cal-SOAP Consortium hosted a Cal-SOAP Project Director Training at the Sacramento County Office of Education. During the first day, CSAC staff covered topics such as the status of the College Access Challenge Grant, reviewing accounting and fiscal procedures and preparing for a Cal-SOAP project audit. The second day focused on developing a plan to ensure that all Cal-SOAP projects are able to provide data that addresses college persistence and completion. This conversation is part of an ongoing effort by both project directors and CSAC staff to conduct an evaluation to determine the effectiveness of Cal-SOAP programs and to what capacity the projects are not only enrolling students, but assisting them towards college completion.

Through this process, the project directors identified Cal-SOAP activities that help meet the following goals and objectives as indicated in CSAC's 2010-11 College Access Challenge Grant application:

- 1) To increase the availability of college and career opportunity information for underrepresented students and their parents;
- 2) To increase targeted students and parent/guardian knowledge of financial aid programs and opportunities to fund college and career technical education;
- 3) To increase the number of targeted students who enroll in postsecondary education and career technical programs; and
- 4) To assist low-income and first time college and career education bound students and their parents successfully apply for federal, state and scholarship financial aid programs.

To move this process forward, the project directors have created an evaluation committee, which plans to meet sometime in mid to late September to further develop the evaluation's purpose, goals, and strategy. The following project directors are involved in the committee: Monica Roberts (Sacramento), Sonia Ramos (San Jose), Jose Rivas (Solano), Ken Songco (San Francisco), Erin Gemar (South County Gilroy), and Diana Perez (Central Coast).

Project directors were notified last week that CSAC's 2010-11 College Access Challenge Grant application to receive funding for FY 2010 has been approved. At the end of August, all project directors will have submitted their 2010-2011 Annual Performance Plans that include a \$25,559 increase for all sixteen projects.