

---

# 3

## Information/Action Item

### *California Student Aid Commission*

#### Consent Calendar

---

**Recommended Action:** Approve the consent agenda, including:

Tab 3.a Minutes of May 19, 2010 and June 24, 2010  
(Action)

Tab 3.b Commission meeting calendar for 2011 (Action)

---

**CALIFORNIA STUDENT AID COMMISSION  
TELECONFERENCE MEETING MINUTES**

**May 19, 2010**

---

A teleconference meeting of the California Student Aid Commission was held on Wednesday, May 19, 2010 at the UC Center Sacramento at 1130 K Street, Sacramento, California and the additional addresses listed on the meeting notice dated May 6, 2010.

Chair Barry Keene called the meeting to order at 10:04 a.m.

The following Commission Members were present:

Barry Keene, Chair  
Lynne de Bie, Secretary  
Patricia Fong Kushida  
Alexander Gonzalez  
Lawrence Hershman  
Bonaparte Liu (via telephone)  
Enrique Murillo (via telephone)  
Israel Rodriguez  
Fred Wood

The following Commission Members were absent:

Lorena Hernandez, Vice Chair  
Antonio Solórzano, Jr.

Roll Call was taken and a quorum was recognized.

**PUBLIC COMMENT**

Chair Keene asked for public comment and, hearing none, proceeded to the next agenda item.

**CLOSED SESSION**

Chair Keene announced that the California Student Aid Commission would meet in CLOSED SESSION to discuss and may take action on business matters of a proprietary nature pursuant to California Education Code, section 69525(g)(3) and pending litigation pursuant to California Government Code, section 11126(e)(1). Topics will include:

**AGENDA ITEM 1 – STUDENT LOAN GUARANTEE PROGRAM ITEMS**

- a. Consideration of the sale of state student loan guarantee program assets (Information/Action)
- b. Consideration of 2009-10 Annual Loan Program Budget, Business Plan and Goals (Information/Action)

- c. Consideration of the amendment/extension of the Operating Agreement between the Commission and its auxiliary organization, EdFund (Information/Action)

**AGENDA ITEM 2 – PENDING LITIGATION: CONSIDERATION OF A DEMAND BY EDFUND EXECUTIVE MANAGEMENT FOR PAYMENT OF APPROXIMATELY \$437,000 IN DISCRETIONARY INCENTIVE COMPENSATION (BONUSES) NOT GRANTED BY THE COMMISSION**

Thereupon, the Commission recessed the OPEN SESSION at 10:05 a.m. and resolved into CLOSED SESSION at 10:12 a.m.

**RECONVENE IN OPEN SESSION**

Chair Keene reconvened the OPEN SESSION at 12:04 p.m., and reported that the Commission had no items to report.

**AGENDA ITEM 3 – CONSIDERATION OF THE AMENDMENT/EXTENSION OF THE OPERATING AGREEMENT BETWEEN THE COMMISSION AND ITS AUXILIARY ORGANIZATION, EDFUND**

Ms. Keri Tippins, General Counsel, provided a summary of the Commission staff’s proposed amendments to the Operating Agreement between the Commission and EdFund. The recommended changes are based on the findings and recommendations issued in a report by the Bureau of State Audits with regard to the Commission’s administration of EdFund. The proposed amendments pertain to EdFund policies, confidentiality, federal reporting, dispute resolution and legal recourse, and include a one-year extension.

On **MOTION** by Commissioner Hershman, **SECONDED** and **CARRIED**, the Commission **APPROVED** by Roll Call Vote the staff recommendation to adopt the proposed one-year extension and amendments to the Operating Agreement between the Commission and EdFund.

**AGENDA ITEM 4 – UPDATE ON 2010-11 STATE BUDGET ISSUES RELATING TO COMMISSION PROGRAMS AND OPERATIONS**

Ms. Janet McDuffie, Chief of the Administration and External Affairs Division, presented a revised agenda tab on the May Revision to the Governor’s proposed 2010-11 Budget, which included major changes affecting the Commission’s financial aid programs and state operations. There was some discussion of the budget process and five-year funding cycle for the federal College Access Challenge Grant funding.

Ms. McDuffie also presented an overview of the Commission’s 2010-11 Budget Change Proposals for disentangling from EdFund. General discussion followed on the positions, equipment and other operational expenses that are needed to continue the delivery of services.

**AGENDA ITEM 5 – CONSIDERATION OF ESTABLISHING CAL GRANT PRIORITIES FOR THE 2010-11 STATE BUDGET**

There was some discussion regarding the Commission's efforts to reduce redundancies and optimize the use of technology in the delivery of services and programs. It was noted that staff will work through the budget issues, either with the Programs, Planning & Budget Committee or an ad hoc committee.

**AGENDA ITEM 6 – UPDATE ON COMMISSION IMPLEMENTATION OF CHAPTER 644, STATUTES OF 2009 (AB 187) AND THE PILOT PROGRAM FOR A CAL GRANT ALTERNATIVE DELIVERY SYSTEM, INCLUDING INITIAL REVIEW OF DRAFT EMERGENCY PROVISIONS**

Mr. Bryan Dickason, Manager, Programs Administration and Services, presented an overview of AB 187 and the two methods by which institutions could participate in the Cal Grant Alternative Delivery System. It was noted that the independent and proprietary institutions have expressed interest in the pilot program.

Ms. Kate Jeffery with the University of California (UC) Office of the President commented that, although the UC is interested in the opportunities possibly resulting from the pilot program, no UC campuses have volunteered to participate mainly due to the misalignment between the AB 187 goals and the campus goals. The UC campuses believe that the AB 187 concept of one-stop awarding could not achieve the campus goals of improving the process and producing cost efficiencies. Further discussion ensued regarding the UC proposal for an alternative delivery system.

Mr. Dean Kulju with the California State University (CSU) Chancellor's Office commented that the CSU has concerns that are similar to the UC's.

Staff indicated that the AB 187 Advisory Task Force would meet shortly to discuss these issues and consider the segments' feedback. However, to the extent that representatives are raising issues that are beyond the law, it would require a statutory change. The Commission is obligated to adopt regulations by July 1, 2010 consistent with the provisions of AB 187.

**AGENDA ITEM 7 – NEW BUSINESS**

The Commission had no new business.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 1:45 p.m.

---

LYNNE DE BIE  
SECRETARY

---

**CALIFORNIA STUDENT AID COMMISSION  
MEETING MINUTES**

**JUNE 24, 2010**

---

A meeting of the California Student Aid Commission was held on Thursday, June 24, 2010 at the California Emergency Management Agency located at 3650 Schriever Avenue in Mather, California.

Chair Barry Keene called the meeting to order at 8:41 a.m.

The following Commission Members were present:

Barry Keene, Chair  
Lorena Hernandez, Vice Chair  
Lynne de Bie, Secretary  
Patricia Fong Kushida  
Alexander Gonzalez  
Lawrence Hershman  
Bonaparte Liu (via teleconference)  
Enrique Murillo  
Israel Rodriguez  
Antonio Solórzano, Jr.  
Fred Wood

The following Commission Member was absent:

Alexander Gonzalez

Roll Call was taken and a quorum was recognized.

**PUBLIC COMMENT**

Chair Keene asked for public comment and, hearing none, proceeded to the next agenda item.

**CHAIR'S REPORT**

Chair Keene remarked on some areas of uncertainty that will add more difficulty to the Commission's decision-making process, such as the passing of a state budget; the outcome of the gubernatorial race; the pending sale of EdFund; and the loss of key Members of the Legislature who have taken major roles in the development of education policy.

**AGENDA ITEM 1 – CONSENT CALENDAR (Information/Action)**

Agenda Item 1.D – State Budget Update – was removed from the Consent Calendar for further discussion.

On **MOTION** by Commissioner Fong Kushida, **SECONDED** and **CARRIED**, the Commission APPROVED the Consent Calendar, which included the following items:

- a. Minutes of April 15, 2010 (Action)
- b. Approve an interagency agreement with the Attorney General's Office for legal services in the amount of \$200,000 for 2010-11 (Action)
- c. Approve an interagency agreement with the Office of Technology Services for data center support in the amount of \$190,000 for 2010-11 (Action)
- e. Update on Master Plan recommendations (Information)

### **AGENDA ITEM 1.D – STATE BUDGET UPDATE (Information)**

Commissioner Hershman discussed the various approaches by the Governor, the Assembly and the Senate for dealing with the state budget and expressed the need for continued advocacy for higher education.

Executive Director Diana Fuentes-Michel provided an update on staff's efforts to educate the Legislature regarding the impact of budget reductions on the Commission's financial aid programs. A general discussion ensued.

*The following agenda items were discussed out of sequence due to time constraints.*

### **AGENDA ITEM 3 - UPDATE ON STATE AND FEDERAL ISSUES AND LEGISLATION AND CONSIDERATION OF POSITIONS ON BILLS AFFECTING COMMISSION PROGRAMS (Information/Action)**

Ms. Lori Nezhura, Legislative Liaison, provided an update on the status of legislative bills affecting the Commission's programs and, then, presented the following new bills for the Commission's consideration. A general discussion ensued.

On **MOTION** by Commissioner Hershman, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the staff recommendation to support Assembly Bill (AB) 1997 (Portantino) Community Colleges: Student Financial Aid Pilot: Program, as amended on June 16, 2010.

On **MOTION** by Commissioner Murillo, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the staff recommendation to support AB 2086 (Coto) Cal Grant: Qualifying Institutions: Publication of License Examination Passage Rates.

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the staff recommendation to support Senate Bill (SB) 957 (Price) Student Financial Aid: Cal Grant C Awards. Commissioner Murillo ABSTAINED.

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the staff recommendation to support SB 1460 (Cedillo)

Student Financial Aid: Eligibility: California Dream Act of 2010. Commissioner Solórzano ABSTAINED.

**AGENDA ITEM 2 - CONSIDERATION OF THE ADOPTION OF 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) (Action)**

Mr. Bryan Dickason, Manager, Programs Administration and Services, presented an overview of AB 187 and the two methods by which institutions could participate in the Cal Grant Alternative Delivery System. Some discussion followed regarding the potential outcome if institutions decide not to participate in the pilot program.

On **MOTION** by Commissioner Hershman, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the recommendation to adopt the emergency regulations and, in addition, to solicit advice and recommendations on the pilot program from the appropriate parties and communicate that information to the new legislators in order to discuss possible changes in the regulations to match what works best for the students.

**AGENDA ITEM 4 - CONSIDERATION OF AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND ENTER INTO AN INTERAGENCY AGREEMENT WITH THE CALIFORNIA EMERGENCY MANAGEMENT AGENCY TO ADMINISTER A UNITED STATES DEPARTMENT OF JUSTICE GRANT PROGRAM FOR LOAN REPAYMENT FOR PROSECUTORS AND PUBLIC DEFENDERS (Action)**

Ms. Catalina Mistler, Chief of Program Administration & Services, provided an overview of the John R. Justice Grant Program and the options available to the Commission and the California Emergency Management Agency for administering the program. Some discussion followed.

On **MOTION** by Commissioner Hershman, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the staff recommendation to authorize the Executive Director to negotiate and enter into an interagency agreement with the California Emergency Management Agency to administer the federal John R. Justice Grant Program. Commissioner Liu was ABSENT for this vote.

**AGENDA ITEM 8 - PRESENTATION BY THE CALIFORNIA POSTSECONDARY EDUCATION COMMISSION (CPEC) ON A REPORT ON UNDERGRADUATE ENROLLMENT DEMAND PROJECTIONS (Information)**

Dr. Stacy Wilson, Senior Researcher and Policy Analyst for the California Postsecondary Education Commission (CPEC) presented his report entitled "Ready or Not, Here They Come: The Complete Series of Undergraduate Enrollment Demand and Capacity Projections, 2009-2019." Also presenting were research analysts Ryan Fuller and Mallory Newell.

Mr. Steve Arditti, CPEC Commissioner, commented that in order to have any valid information about the true net cost of attendance, research must include three core elements: fees, living

costs and financial aid ability. He hopes that CPEC and the Commission can work together to integrate those elements into the existing research so that more accurate information can be provided to students, parents and policy makers.

Executive Director Michel indicated that she and CPEC Director Karen Humphreys have discussed developing a joint budget change proposal to fund the Student Expenses and Resources Survey (SEARS). Additionally, due to resource constraints, the Commission does not have enough staff to perform the necessary policy work, so there needs to be a discussion of prioritizing the policy questions.

#### **AGENDA ITEM 7 - EXECUTIVE DIRECTOR'S REPORT (Information)**

Executive Director Michel offered a Moment of Silence for her former employer, Cruz Reynoso, who is in critical condition following a serious car accident. Mr. Reynoso previously served as California Supreme Court Justice, Vice Chair of the Civil Rights Commission and Chair of CPEC.

Executive Director Michel presented her written report, which included the following items:

##### ***Item 7.a – EdFund Report (Information)***

A written report was provided.

##### ***Item 7.b - California Student Opportunity and Access Program (Cal-SOAP) Project Directors' Report (Information)***

Mr. Ken Songco, Project Director for the San Francisco Cal-SOAP Consortium, presented a written report of Cal-SOAP project activities on behalf of the sixteen projects.

#### **AGENDA ITEM 5 - CONSIDERATION OF AN AMENDMENT TO THE OPERATING AGREEMENT BETWEEN THE COMMISSION AND ITS AUXILIARY ORGANIZATION, EDFUND (Action)**

Ms. Keri Tippins, Commission General Counsel, provided an oral update on the status of the amendments to the Operating Agreement that the Commission adopted at its May 19, 2010 meeting. She reported that the Department of Finance (Finance) indicated that it would likely extend the current Operating Agreement for some period while they review the proposed amendments, including EdFund's comments. Finance indicated that it would be communicating the specific extension period more formally in writing.

Mr. David Reid, EdFund General Counsel, presented a handout of the correspondence that was provided to the Commission and Finance, and includes EdFund's proposed edits, which differ with the Commission's recommendations in the following four areas: 1) confidentiality; 2) legal recourse 3) federal reporting; and 4) notification of data security breaches.

Mr. Ryan Storm with Finance suggested extending the current Operating Agreement for a shorter amount of time than a year to allow the Commission and EdFund to work out their differences and take a joint action on the amendments later. This would maintain the Operating Agreement so EdFund's expenditures could be reimbursed by the Commission in a seamless fashion and not interfere with the business-as-usual model.

Further discussion ensued regarding the ability of the EdFund Board and the Commission to meet and take action within the short amount of time before the Operating Agreement expires on June 30, 2010. Ms. Tippins clarified that the Commission may take action on Finance's request; however, she has concerns about the validity of the agreement since the EdFund Board approved a one-year extension and, if the Commission were to approve a shorter extension, there would essentially be two different terms.

There was general agreement among the Commission to leave the decision to Finance. A recommendation was made to Finance to bring both parties together as they review the amendments before coming to a consensus.

**AGENDA ITEM 6 - REPORT OF THE PERSONNEL, EVALUATION AND NOMINATIONS (PEN) COMMITTEE, INCLUDING**

***Item 6.a - Process for Evaluating the Executive Director's Performance (Information/Action)***

Committee Chair Solórzano reported that the Personnel, Evaluation and Nominations (PEN) Committee met on June 23, 2010 and decided to follow the same evaluation timeline as last year.

Ms. Tippins presented the 2009-10 timeline as well as the 2008-09 list of recipients and survey instrument, which would be similar for 2009-10.

**CLOSED SESSION**

Chair Keene announced that the California Student Aid Commission would meet in CLOSED SESSION to discuss and may take action on personnel matters pursuant to California Government Code, section 11126(a)(1). Pursuant to California Education Code, section 69525(g)(3), the Commission will also meet in CLOSED SESSION to discuss and may take action on business matters of a proprietary nature. Topics will include:

**AGENDA ITEM 10 – STUDENT LOAN GUARANTEE PROGRAM ITEMS**

***Item 10.a - Update on the sale of the state student loan guarantee program assets (Information)***

***Item 10.b - Consideration of 2010-11 Annual Loan Program Budget, Business Plan and Goals (Information/Action)***

**AGENDA ITEM 9 – PERSONNEL ITEM**

***Item 9.a - Evaluation of the Executive Director's Performance (Information/Action)***

This agenda item was not discussed in Closed Session.

Thereupon, the Commission recessed the OPEN SESSION at 2:12 p.m. and resolved into CLOSED SESSION at 2:17 p.m.

**RECONVENE IN OPEN SESSION**

Chair Keene adjourned CLOSED SESSION at 3:35 p.m. and reconvened OPEN SESSION at 3:36 p.m. Chair Keene reported that there are no actions to report from Closed Session.

**AGENDA ITEM 11 – NEW BUSINESS (Information/Action)**

The Commission had no new business.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 3:38 p.m.

---

LYNNE DE BIE  
SECRETARY

### California Student Aid Commission's 2011 Calendar of Meetings

Month	Date	Meeting Type
January		
February	24-25	Commission Meeting
March		
April	14-15	Commission Meeting
May	19	Commission Teleconference Meeting (Update on Budget & Legislation Issues)
June		
July		
August	11-12	Commission Meeting
September		
October		
November	17-18	Commission Meeting
December		

Approved: