

**Action/Information Item**

***California Student Aid Commission***

Consideration of Conducting a Performance Evaluation of the Commission's Auxiliary Organization (EDFUND), Pursuant to Education Code Section 69522(c)(3), in the Furtherance of the Commission's Fiscal and Fiduciary Responsibilities for the Federal Family Education Loan Program, to Ensure that the Implementation and Effectuation of the Auxiliary Organization is Carried Out to Enhance the Administration and Delivery of Commission Programs as Required by Education Code Section 69522 (c)(3), and to Maintain or Enhance the Value of the State Student Loan Guaranty Program Assets

---

**Recommendation:** Authorize staff to proceed with the performance evaluation of EDFUND.

**Discussion**

The law requires the Commission to maintain its responsibility for, among other things, financial aid program administration, policy leadership program evaluation, and information development and coordination. (Education Code, §69522(c)). This includes the operation and administration of the loan program. To this end, §69522(c)(3) and the Operating Agreement between the Commission and EDFUND require the Commission to conduct regular performance evaluations of the operations of EDFUND in furtherance of its fiscal and fiduciary responsibilities for approved programs.

To ensure that the implementation and effectuation of the auxiliary organization (EDFUND) is carried out to enhance the administration and delivery of Commission programs as required by law, and to maintain and/or enhance the value of the State student loan guarantee program assets, it is prudent and necessary for the Commission to do a performance evaluation of EDFUND. The last Commission performance evaluation report of EDFUND was issued June 2005.

In fulfilling the State requirement to conduct regular performance evaluations, the Commission will ensure the State's student loan guarantee program assets are adequately safeguarded and will identify any issues relating to the effectiveness of operations, governance processes, and public accountability. The Commission will then be able to take corrective action in anticipation of the latest effort to sell the state student loan guarantee program assets, and thereby enhance the value of those assets. Completion of the performance evaluation will provide a portion of the support necessary for State officials to sign any warranties that may be required by a buyer.

To ensure a systematic approach to the performance evaluation a risk assessment would be performed to determine high risk areas to focus the performance evaluation. Commission staff also expects to leverage other work such as internal and external audits when possible.

Staff has developed a tentative timeline for the Commission's next performance evaluation of EDFUND.

## TENTATIVE PERFORMANCE REVIEW TIMELINE

Date	Event	Recommended Action
November 2008	Audit Committee	<ul style="list-style-type: none"> <li>• Review draft plan for the Performance Review of EDFUND.</li> </ul>
January 2009	Staff	<ul style="list-style-type: none"> <li>• Begin Performance Review of EDFUND.</li> </ul>

***Responsible Staff:***

Ed Emerson, Chief  
Federal Policy and Programs Division