

Action/Information Item

California Student Aid Commission

Consent Calendar

Recommended Action: Approve the consent agenda, including:

- May 17, 2008, June 26-27, 2008 and July 14, 2008 minutes.
- 2009 Calendar of Meetings. (The EDFUND Board has already approved its meeting dates.)

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**CALIFORNIA STUDENT AID COMMISSION
TELECONFERENCE MEETING
MINUTES
MAY 27, 2008**

A teleconference meeting of the California Student Aid Commission was held on Tuesday, May 27, 2008 at the Executive Conference Room at 10811 International Drive, 2nd Floor in Rancho Cordova, California.

Chair Dennis J. Galligani called the meeting to order at 9:00 a.m.

The following Commission Members were present:

Dennis J. Galligani, Chair
Daniel Friedlander, Vice Chair
Yasmin Delahoussaye, Secretary
Lynne de Bie
Peter Hankwitz
Lorena Hernandez
Patricia Fong Kushida
Bonaparte Liu
Enrique Murillo
Israel Rodriguez
Antonio Solórzano, Jr.

The following Commission Member was absent:

Tomás Arciniega

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

There was no public comment.

AGENDA ITEM 1 – OVERVIEW OF BAGLEY-KEENE OPEN MEETING ACT

Ms. Keri Tippins, General Counsel, provided an overview of the Bagley-Keene Open Meeting Act. Questions followed and Ms. Tippins clarified that, in her opinion, EDFUND's Executive Change-in-Control Severance Agreement does not fall within either the exceptions to the Bagley-Keene Open Meeting Act or the "proprietary exception" found in the Education Code and, as a result, all discussion relating to the severance agreement must be held in open session.

AGENDA ITEM 2 – DISCUSSION OF EDFUND'S CLOSED SESSION MEETINGS ON THE EXECUTIVE CHANGE-IN-CONTROL SEVERANCE AGREEMENT

Chair Galligani provided a brief synopsis of the chronology of events, meetings and correspondence related to EDFUND's closed session meetings on the Executive Change-in-Control Severance Agreement (Agreement).

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Executive Director Diana Fuentes-Michel explained that on April 23, 2008 she had expressed to the Department of Finance (DOF) that she would be voicing her concern over the issue of discussing the Agreement in closed session at the EDFUND Board meeting scheduled the same day. DOF advised her that they were not aware the EDFUND Board was planning to discuss the Agreement at the meeting.

Mr. Michael Cooney, EDFUND Board Member, provided details surrounding the chronology of events and stated that when the topic of the Agreement is discussed, it will concern matters related to the potential sale. He gave his opinion that the performance evaluation of the EDFUND management team is an issue that could be conducted legitimately in closed session. He noted that the EDFUND Board did not have an opportunity to consider the Attorney General's opinion prior to the Executive Committee and EDFUND Board meetings, but he assured the Commission that the EDFUND Board will not discuss the Agreement until the issue is resolved. He clarified that the EDFUND Board's desire is not to ignore outside advice, but simply to find the right solution. With regard to the suggestion to remove members of the EDFUND Board, Mr. Cooney gave his opinion that it would be inappropriate and misguided as the EDFUND Board did not desire to act in absolute violation of what it is restricted to do.

Chair Galligani called for public comment and, hearing none, proceeded with discussion of the Commission's next steps. Discussion ensued and the Commission agreed to take the following steps:

1. Review Senate Bill 89 (potential sale of EDFUND) in preparation for the June Commission meeting;
2. Address the issue of requiring the EDFUND Board to use a more accurate agenda description for its discussion of the Agreement;
3. Direct the Governance & Monitoring Committee to review the policies regarding the roles and responsibilities of the Commission and the EDFUND Board with the intent to bring recommendations to the Commission at its June meeting and take action. Include a review of the May 15, 2008 resolution of the EDFUND Board at the Governance & Monitoring Committee meeting; and
4. Include a discussion of the removal of members of the EDFUND Board at the June Commission meeting.

On **AMENDED MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE to send a letter to the EDFUND Board, indicating that no further meetings regarding the EDFUND Executive Change-in-Control Severance Agreement shall take place in closed session until the Commission has the opportunity to have further discussion at its June meeting. Commissioner Liu **ABSTAINED**.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 11:17 a.m.

YASMIN DELAHOUSAYE
SECRETARY

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**CALIFORNIA STUDENT AID COMMISSION
MEETING MINUTES
JUNE 26-27, 2008**

A meeting of the California Student Aid Commission was held on Thursday, June 26, 2008 and Friday, June 27, 2008, at 3300 Zinfandel Drive, Board Room in Rancho Cordova, CA.

Chair Dennis J. Galligani called the meeting to order at 8:42 a.m.

The following Commission Members were present:

Dennis J. Galligani, Chair
Yasmin Delahoussaye, Secretary
Tomás Arciniega
Lynne de Bie
Peter Hankwitz
Lorena Hernandez
Bonaparte Liu (via telephone)
Enrique Murillo (via telephone)
Israel Rodriguez
Antonio Solórzano, Jr.

The following Commission Members were absent:

Daniel Friedlander, Vice Chair
Patricia Fong Kushida

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Chair Galligani called for public comment and, hearing none, proceeded with the next agenda item.

CHAIR'S REPORT

Chair Galligani provided a high-level summary of events leading to the June meeting, reviewed the schedule of agenda items, and discussed the new process of meeting deliberation, including the use of a consent calendar. He also expressed his gratitude to Commissioners Friedlander and Hernandez for their efforts in dealing with the various issues.

CONSENT CALENDAR

Based on questions raised by Commissioners related to the topics on the Consent Calendar, Chair Galligani decided to place Agenda Items 1, 2, 3 and 4 on the agenda for discussion.

DRAFT**AGENDA ITEM 1 – APPROVAL OF CONTRACT WITH THE DEPARTMENT OF TECHNOLOGY SERVICES FOR DATA CENTER SUPPORT IN THE AMOUNT OF \$204,000 FOR 2008-09**

Janet McDuffie, Chief of the Administration & External Affairs Division, and John Bays, Chief of the Information Technology Services Division, discussed in general the rates for the various components related to the data support contract.

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the recommendation to authorize the Executive Director to enter into an Interagency Agreement for \$204,000 with the Department of Technology Services for the period of July 1, 2008 through June 30, 2009.

AGENDA ITEM 2 – APPROVAL OF MINUTES FOR JANUARY 8, 2008 AUDIT COMMITTEE MEETING AND PROCESS FOR APPROVAL OF PREVIOUS AUDIT COMMITTEE MINUTES

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the recommendation to authorize Chair Galligani, as the sole remaining member of the Audit Committee in attendance at the January 8, 2008 Audit Committee meeting, to review, revise as appropriate, and sign the minutes of the January 8, 2008 meeting.

AGENDA ITEM 3 – APPROVAL OF MINUTES FOR APRIL 17-18, 2008 COMMISSION MEETING

Commissioner Hernandez requested that the minutes reflect the following substantive change: on page 8, Agenda Item 11 – Review of the March 27, 2008 Commission Meeting on Strategic Planning and Consideration of Next Steps in the Strategic Planning Process, add language to indicate that the Commission established an Ad Hoc Committee, composed of Commissioners Hernandez and Fong Kushida, to meet and further develop the strategic plan. Additionally, Commissioner Hernandez submitted some minor technical edits.

On **MOTION** by Commissioner De Bie, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the minutes of the April 17-18, 2008 Commission meeting, as amended.

AGENDA ITEM 4 – RATIFICATION OF AMENDMENT TO INTERAGENCY AGREEMENT WITH THE DEPARTMENT OF JUSTICE IN THE AMOUNT OF \$75,000 WITH AN EXTENSION OF TERMS THROUGH JUNE 30, 2009

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the recommendation to ratify the amendment of the Interagency Agreement with the Department of Justice for \$75,000 for a total contract amount of \$135,000 and extend the term for the period of July 1, 2007 through June 30, 2009.

DRAFT**AGENDA ITEM 5 - CONSIDERATION OF PRELIMINARY APPROVAL OF ANNUAL PROGRAM PLANS FOR CAL-SOAP CONSORTIA 2008-09 CONTRACTS**

Ms. Regina Coletto, Lead Project Director and the Merced County Consortium Project Director, presented a status update on the Cal-SOAP projects as of July 1, 2008 and explained the process of closing projects. She reported that she has requested each project to submit a short narrative to the Commission describing the minimal services it could offer during the gap in funding. Additionally, Mr. Jose Rivas, Solano Cal-SOAP Project Director, provided an overview of some issues facing the Solano consortium.

Janet McDuffie, Chief of the Administration & External Affairs Division, provided background information on the sources of Cal-SOAP funding. Further discussion ensued and the Commission took the following actions:

On **MOTION** by Commissioner Delahoussaye, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the following approaches to begin the week of July 1, 2008:

- 1) The Commission's higher education segmental representatives (Commissioners Delahoussaye, Arciniega and Galligani) will contact their respective segments (Community Colleges, California State University and University of California) and a) explain how the state budget reductions are affecting the Cal-SOAP projects, the institutions and the students of California; b) chronicle the story, in a positive way, of the extraordinary efforts that the project staff and the institutions are making to overcome this hardship; and c) rally the support of the segments for this important cause.
- 2) Commissioner Delahoussaye will approach the California Community College Foundation regarding the gap funding for Cal-SOAP and report back to the full Commission.
- 3) The Commission will ask the EDFUND Board of Directors to consider providing at least gap funding for the salary component until Federal funding is available, with the understanding that the directive would require an amendment to the Operating Agreement between the Commission and EDFUND.

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the recommendation to authorize the Executive Director to execute contracts with the Cal-SOAP consortia for the 2008-09 award year at project allocation levels consistent with the current year, with the exception of the modification to the Solano project funding, such that Commission staff will seek services for the Solano project through another project and continue working with the Solano project so that once the Federal College Access Challenge Grant funds are exhausted and the budget is returned to the General Fund in two years, the Solano consortium can remain independent.

AGENDA ITEM 6 – REPORT AND CONSIDERATION OF RECOMMENDATIONS FROM THE GOVERNANCE AND MONITORING COMMITTEE MEETINGS OF JUNE 10, 2008 AND JUNE 19, 2008

Committee Chair Hernandez reported that the Governance & Monitoring Committee met on June 10, 2008 and June 19, 2008 to consider recommendations related to EDFUND. She requested that Chair Galligani provide an overview of his meeting with the Department of

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Finance as background for the discussion of consideration of the Committee's recommendations.

Chair Galligani reported that he and Vice Chair Friedlander met with the Department of Finance (DOF). The Commission's General Counsel and EDFUND's counsel were also present at the meeting. Chair Galligani reported the following:

- All agreed the EDFUND Board could meet in closed session to discuss issues related to individuals' performance issues. However, any policy discussion and decision by the EDFUND Board about individual compensation under a severance, or change-in-control agreement needed to be held in open session.
- Any decisions or actions related to the severance, or change-in-control agreement, must come through the Commission to DOF.
- DOF determined there should be additional counsel at the EDFUND Board meetings to help focus on Bagley-Keene Act issues. Commissioners Galligani and Friedlander and General Counsel Tippins recommended that the EDFUND Board use the Attorney General's Office or the Commission's counsel. DOF indicated that the EDFUND Board could decide whom that counsel would be.
- DOF would like the Commission and EDFUND Board to work through the chain of command that the Commission has in place, rather than have individuals approach DOF independently.

Committee Chair Hernandez proceeded to review the list of recommended actions for the Commission's consideration.

On **MOTION** by Commissioner Solórzano, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the recommendation to 1) request that the Attorney General's Office issue a formal opinion on Bagley-Keene Open Meeting Act issues related to EDFUND's consideration of the Executive Change-In-Control Severance Agreement in closed session; and 2) advise the EDFUND Board of Directors that failure to act in compliance with the Commission and Attorney General guidance with respect to provisions of the Bagley-Keene Open Meeting Act will be cause for removal from the EDFUND Board.

Commissioner Liu ABSTAINED.

On **MOTION** by Commissioner Solórzano, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE, the recommendation to replace the April 2007 joint CSAC and EDFUND policy on meetings with a revised CSAC policy, which includes provisions that 1) require the EDFUND closed session meeting notices to be approved by the Commission's General Counsel, and 2) authorize the Commission General Counsel to attend all EDFUND closed sessions.

Commissioner Liu ABSTAINED.

Committee Chair Hernandez presented the Committee's recommendation to adopt revised Governance Policies that include the amendments recommended by the Governance & Monitoring Committee at its June 10, 2008 and June 19, 2008 meetings. Some discussion ensued and staff clarified that the Committee's review and amendments end on page 18 of Tab 6.d.2, up to and excluding Items G, H and I under Internal and External Communication of Assignment Policy 2: EDFUND Board and President. Additionally, EDFUND Board Members Sally Furay and Michael Cooney pointed out that last year the Commission and the EDFUND

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Board worked collaboratively with consultants to develop the Governance Policies, but the EDFUND Board did not have the same opportunity to review the Committee's recent recommendations. Further discussion ensued and the Commission took the following action:

On **MOTION** by Commissioner Solórzano, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the recommendation to adopt the revised Governance Policies that include the amendments recommended by the Governance & Monitoring Committee at its June 10, 2008 and June 19, 2008 meetings.

On **MOTION** by Commissioner Solórzano, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the recommendation to seek an amendment to the Education Code that clarifies the oversight role of the Commission over the actions of the EDFUND Board of Directors/President with respect to the authority given to the Department of Finance under Senate Bill 89.

Committee Chair Hernandez provided an update with regard to two recommendations arising from the May 27, 2008 Commission meeting:

- A meeting was scheduled with the Commission and EDFUND Chairs, Department of Finance and Attorney General as recommended by the May 15, 2008 EDFUND Board Resolution.
- Correspondence was sent to the EDFUND Board from the Commission stating the Commission's expectations that the EDFUND Board will conduct all discussions of a severance agreement or employment contract in open session and directing the EDFUND Board to convene an open-session meeting to discuss all issues related to the severance agreement or employment contract that were previously discussed in closed session.

Additionally, General Counsel Tippins presented a revised written Summary of CSAC Monitoring Policies, including proposed dates.

Committee Chair Hernandez mentioned that there were some suggestions that the Committee decided to table and others that the Committee decided not to pursue.

AGENDA ITEM 7 - CONSIDERATION OF AN AMENDMENT / EXTENSION TO THE OPERATING AGREEMENT BETWEEN THE COMMISSION AND EDFUND

Janet McDuffie, Chief of the Administration & External Affairs Division, presented the proposed amendment/extension to the Operating Agreement, which includes suggested edits from Commission and EDFUND staffs and the Department of Finance. Ms. McDuffie reported that the EDFUND Board approved the proposed amendment/extension at its May 15, 2008 meeting.

General Counsel Keri Tippins clarified that the Operating Agreement will not require an amendment based on the newly adopted revisions to the Governance Policies.

On **MOTION** by Commissioner Solórzano, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the recommendation to authorize the Chair of the Commission and the Executive Director to execute the Operating Agreement Amendment/Extension through June 30, 2009.

Commissioner Murillo ABSTAINED.

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AGENDA ITEM 8 – CONSIDERATION OF INVOICES SUBMITTED BY EDFUND FOR REIMBURSEMENT OF NEARLY \$6 MILLION FOR PAYMENTS MADE BY EDFUND AS PART OF A DEFAULT FEE STRATEGY

**Chair Galligani removed Agenda Item 8 from the agenda prior to the meeting.*

AGENDA ITEM 9 – REPORT AND CONSIDERATION OF RECOMMENDATIONS FROM THE PERSONNEL, EVALUATION AND NOMINATIONS COMMITTEE MEETING OF JUNE 10, 2008

Committee Chair Delahoussaye reported that the Personnel, Evaluation & Nominations (PEN) Committee met on June 10, 2008 to consider and take possible action on the following items:

Committee Chair Delahoussaye decided to discuss the following agenda items out of sequence.

Agenda Item 9.b – Nominations to Advisory Bodies

Loan Advisory Council (LAC)

On **MOTION** by Commissioner Hankwitz, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the following appointments to the Loan Advisory Council:

- Ms. Lois M. Kelly as the California State University Institution Representative, to serve the remainder of Mr. Dean Kulju's unfinished term from June 26, 2008 to September 9, 2009; and
- Ms. Vonda Garcia as the University of California Institution Representative, to serve the remainder of Mr. Vince DeAnda's unfinished term from June 26, 2008 to September 9, 2009.

Grant Advisory Committee (GAC)

On **MOTION** by Commissioner Hankwitz, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the appointment of Ms. Sharon Bowles to the Grant Advisory Committee as the State Superintendent of Public Instruction Representative for the term June 26, 2008 to June 26, 2010.

On **MOTION** by Commissioner De Bie, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the appointment of Ms. Mary Lindsey to the Grant Advisory Committee as the Proprietary Institution Representative for the term June 26, 2008 to June 26, 2010.

On **MOTION** by Commissioner Hankwitz, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the appointment of Dr. Adrian Griffin to the Grant Advisory Committee as the California Postsecondary Education Commission Representative for the term June 26, 2008 to June 26, 2010.

DRAFT***Agenda Item 9.c – Process for Evaluating the Executive Director’s Performance***

Committee Chair Delahoussaye reported that the Committee would require additional time to consider the process for evaluating the Executive Director’s performance. She anticipates that the Committee will make its recommendations to the Commission in July before distributing the surveys to stakeholders in August. She also noted that, although the evaluation period typically spans the State’s fiscal year from July 1 to June 30, the Commission evaluated the Executive Director in September last year. Therefore, this year’s evaluation period will end in September again to allow the Executive Director 12 months to accomplish her goals.

Agenda Item 9.a – Election of Officers of the Commission for 2008-09

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the appointment of Peter Hankwitz as Chair of the Commission for 2008-09.

On **MOTION** by Commissioner De Bie, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the appointment of Lorena Hernandez as Vice Chair of the Commission for 2008-09. Commissioner Hernandez **ABSTAINED**.

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the appointment of Yasmin Delahoussaye as Secretary of the Commission for 2008-09.

On behalf of the Commission, Chair Hankwitz presented a resolution to Commissioner Galligani in honor of his service and commitment to the Commission.

At 11:35 a.m., Chair Hankwitz recessed the OPEN SESSION of the California Student Aid Commission and announced that the Commission would reconvene at 1:00 p.m. in OPEN SESSION, and then move into CLOSED SESSION to discuss and possibly take action on business matters of a proprietary nature pursuant to California Education Code Section 69525(g)(3). The scheduled topics include the following items:

Item 16.a – Update on Lender-of-Last-Resort Program

Item 16.b – Review and Consideration of Loan Program Financial Statements

Item 16.c – Consideration of Draft Annual Loan Program Business Plan, Budget and Goals

RECONVENED IN OPEN SESSION AT 1:00 P.M.

AGENDA ITEM 16 – CLOSED SESSION

At 1:00 p.m., Chair Hankwitz recessed the OPEN SESSION of the meeting of the California Student Aid Commission and announced that the Commission would meet in CLOSED SESSION to discuss and possibly take action on business matters of a proprietary nature pursuant to California Education Code Section 69525(g)(3). (See above list of topics)

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RECONVENED TO OPEN SESSION

At 5:00 p.m., Chair Hankwitz reconvened the OPEN SESSION meeting of the California Student Aid Commission and reported that the Commission met in closed session and indicated that there were no closed session items to be reported in open session.

Thereupon, the June 26, 2008 meeting of the California Student Aid Commission was adjourned until 8:35 a.m. on June 27, 2008.

Chair Peter Hankwitz re-convened the OPEN SESSION meeting of the California Student Aid Commission at 8:35 a.m. on Friday, June 27, 2008.

The following Commission Members were present:

- Peter Hankwitz, Chair
- Yasmin Delahoussaye, Secretary
- Tomás Arciniega
- Lynne de Bie
- Dennis J. Galligani
- Bonaparte Liu (via telephone)
- Israel Rodriguez
- Antonio Solórzano, Jr.

The following Commission Members were absent:

- Lorena Hernandez, Vice Chair
- Daniel Friedlander
- Patricia Fong Kushida
- Enrique Murillo

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Chair Hankwitz called for public comment and, hearing none, proceeded with the next agenda item.

AGENDA ITEM 10 – EXECUTIVE DIRECTOR’S REPORT

In addition to a written report, Executive Director Michel provided the following updates:

- Senate Bill 1219 (Cedillo), pertaining to student financial aid for members and former members of the Armed Forces, will not be heard.
- The Senate has heard the legislation regarding the extension to the Higher Education Act, which will likely be extended on June 30, 2008;
- There is no additional information about any actions taken by the Conference Committee on the Commission’s budget. Staff has been working closely with several Senators to ensure the continuation of the Cal Grant Entitlement and Competitive programs;

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- The Bernard Osher Foundation has offered a significant financial aid award package to serve community college students, and has requested the Governor to reconsider his proposed budget cut to the Cal Grant Competitive Program; and
- Staff worked with the Office of the Secretary of Education to ensure the application for the College Access Challenge Grant Program was submitted on time and fully represented California's commitment to college access and opportunity.

AGENDA ITEM 11 – EDFUND PRESIDENT'S REPORT

In addition to a written report, EDFUND President Sam Kipp provided the following updates:

- Both houses of Congress passed their budget resolutions with set targets for spending which are above the proposed targets;
- The Reauthorization of the Higher Education Act has been extended through the end of July;
- President Kipp recommended continuing to make the modification to the Lender-of-Last-Resort (LLR) Program that was proposed, clarifying state statute with respect to the authority of the Commission to engage in the origination of LLR loans; and
- He also urged the EDFUND Board and the Commission to find ways to ensure the support necessary for the success of CSAC/EDFUND in becoming one of the preferred providers of guarantee services.

AGENDA ITEM 12 – UPDATE ON LENDER-OF-LAST-RESORT PROGRAM

Janet McDuffie, Chief of the Administration & External Affairs Division, provided an update on the Lender-of-Last-Resort (LLR) Program. She mentioned that Senator Ted Kennedy is urging the Community Colleges to move to the Direct Lending Program to ensure their students are services and the Department of Education is estimating that the number of Direct Lending participants could double.

In addition, Executive Director Michel reported that CSAC and EDFUND approached the Administration about the issue of clarity on whether or not the Commission could act as an LLR. She added that this issue is being discussed in the Assembly and Budget Conference Committee, which will be dealing with it in the budget language.

Further discussion ensued and Ms. Kristin Shear, President of the California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA), commented on the issues affecting the community college segment.

AGENDA ITEM 13 – STATE BUDGET UPDATE

Janet McDuffie, Chief of the Administration & External Affairs Division, provided an overview of the effects of the current year budget reductions and the Governor's May Revision on the Commission's service levels. In addition, Catalina Mistler, Chief of the Program Administration & Services Division, and John Bays, Chief of the Information Technology Services Division, reported on the consequences of the budget reductions on their respective program areas, including major losses in staffing and reductions in services to students and institutions.

Further discussion ensued and Executive Director Michel pointed out that, because of the significant losses in staff, there will be critical lapses in delivery if EDFUND does not provide the same level of service during this period of uncertainty.

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Chair Hankwitz requested that the EDFUND management provide the Commission with a simple, proactive approach to assist in offsetting some of the budget reductions and ensure that education continues to be easily accessible to the students of California. EDFUND President Kipp expressed his concerns about obtaining the high-level approvals before making expenditures from the Student Loan Operating Fund, but agreed to look into the issue.

More discussion followed and the Commission reached a consensus to send “Dear Colleague” letters to each of the educational segments and associations discussing the challenges faced by the Commission, and including a request for assistance with as much specificity as possible.

Brad Hardison, Santa Barbara City College Financial Aid Director and CCCSFAAA President-Elect, commented on the issues facing his institution and emphasized the need to consult with stakeholders. Additionally, Sonia Ramos, Director for the San Jose Cal-SOAP Consortium, made some suggestions to help address the reduction in support services.

AGENDA ITEM 14 – REPORT FROM THE GRANT ADVISORY COMMITTEE (GAC)

Mary Lindsey, Chair of the Grant Advisory Committee, presented a report of the Committee’s actions at its May 15, 2008 meeting, including recommendations for the Commission’s consideration and/or action on the following issues: 1) at risk institutions; and 2) Commissioners’ directive to add additional member positions from secondary education to GAC.

Ms. Lindsey indicated that GAC is recommending that the requirement for a separate bank account be added based on prior CSAC staff presentations that stated that state funds held in separate bank accounts are easier to recover in bankruptcy proceedings. Catalina Mistler, Chief of the Program Administration & Services Division, reported that staff is attempting to make sure that those institutions that would be impacted by the proposed policy would not experience undue hardship. An update would be provided at the next regularly scheduled Commission meeting in September.

Ms. Lindsey also indicated that GAC members provided feedback on the Commissioners’ suggestion to add to GAC’s membership a third representative of the K-12 segment. Ms. Mistler recommended adding more students, and alternatives, so that students will always have representation.

Ms. Lindsey reported that GAC expects to have an update on its discussion of duplication of work between the Commission and the campuses in September. GAC also consulted with accounting professionals regarding the interest calculation on Cal Grant funds and now recommends that the Commission use generally accepted accounting principles.

AGENDA ITEM 15 – PRESENTATION BY CASFAA, CCCSFAAA AND CLFE

A presentation on the “History of Financial Aid” was provided by the following representatives:

- Rob Smith, President of the California Lenders for Education (CLFE);
- Coleeta McElroy, California Association of Student Financial Aid Administrators (CASFAA);
- Brad Hardison, California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA); and
- Kristin Shear, President of CCCSFAAA.

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Some discussion ensued and the representatives provided some feedback on possible improvements to the delivery of financial aid.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 12:35 pm.

YASMIN DELAHOUSAYE
SECRETARY

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**CALIFORNIA STUDENT AID COMMISSION
TELECONFERENCE MEETING
MINUTES
July 14, 2008**

A teleconference meeting of the California Student Aid Commission was held on Monday, July 14, 2008 at the Headquarters Executive Board Room at 10811 International Drive, 2nd Floor in Rancho Cordova, California.

Chair Peter Hankwitz called the meeting to order at 10:09 a.m.

The following Commission Members were present:

Peter Hankwitz, Chair
Lorena Hernandez, Vice Chair
Tomás Arciniega
Barry Keene
Patricia Fong Kushida
Bonaparte Liu
Enrique Murillo
Israel Rodriguez
Antonio Solórzano, Jr.

The following Commission Members was absent:

Yasmin Delahoussaye, Secretary
Lynne de Bie

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Chair Hankwitz called for public comment and, hearing none, proceeded with the next agenda item.

AGENDA ITEM 1.A - CONSIDERATION OF EDFUND NON-LOAN PROGRAM BUDGET EXPENDITURES FOR FISCAL YEAR 2008-09, INCLUDING RECOMMENDATIONS ON THE POTENTIAL FOR FUNDING PUBLIC AWARENESS AND CASH FOR COLLEGE CAMPAIGNS

Janet McDuffie, Chief of the Administration & External Affairs Division, provided an overview of the Public Awareness and Cash for College campaigns. Executive Director Diana Fuentes-Michel emphasized that over the course of the last few years, the campaigns have leveraged tremendous growth in the Cal Grant program and served as the fundamental means of educating students on the Cal Grant program and the access to federal and state aid.

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Lynn Podesto, Assistant Program Budget Manager, Department of Finance (DOF), indicated that the Legislature did not appropriate funds for these campaigns and, in DOF's view, any action to include these items in the Loan Program Budget would be contrary to legislative action and ultimately subject to DOF's approval.

There was further discussion about the source of funding for the public awareness campaign.

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the recommendation to: 1) Support the use of the Student Loan Operating Fund for the Public Awareness Campaign; and 2) Authorize the Chair to send a letter to the EDFUND Board and President that indicates the proposed 2008-09 Loan Program Budget should include funding for the Public Awareness Campaign at no less than the 2007-08 funding level of \$1,719,000.

Commissioner Liu ABSTAINED.

AGENDA ITEM 1.B – CONSIDERATION OF EDFUND NON-LOAN PROGRAM BUDGET EXPENDITURES FOR FISCAL YEAR 2008-09, INCLUDING RECOMMENDATIONS ON THE POTENTIAL FOR FUNDING CAL-SOAP PROJECTS TO BRIDGE THE GAP IN TIMING BETWEEN THE START OF THE STATE FISCAL YEAR AND THE AVAILABILITY OF FEDERAL FUND UNDER THE FEDERAL COLLEGE ACCESS CHALLENGE GRANT

Janet McDuffie, Chief of the Administration & External Affairs Division, summarized the issues facing the Cal-SOAP projects. Ms. McDuffie indicated that the Federal College Access Challenge Grant funds would not be available for use until authorized by the Federal Government, which is anticipated in August or September. There was some additional discussion about the services provided by Cal-SOAP and Cash for College, the impact on students if funding is not available and the use of non-loan expenditures to fund Cal-SOAP activities.

On **MOTION** by Commissioner Keene, **SECONDED** and **CARRIED**, the Commission APPROVED by ROLL CALL VOTE the recommendation to: 1) Support the use of the Student Loan Operating Fund to fill the Cal-SOAP gap; 2) Authorize the Chair to send a letter to the EDFUND Board and President that indicates EDFUND should recommend how it can assist the Commission with allocating up to \$1,500,000 from the Student Loan Operating Fund to be used for SFY 2008-09 Cal-SOAP activities to bridge the gap in timing between the start of the state fiscal year and the availability of federal funds under the Federal College Access Challenge Grant, including \$300,000 to fund the Solano Cal-SOAP for 2008-09; and 3) Consider approving an amendment to the 2007-08 Loan Program Budget and authorizing the funding of the Solano Cal-SOAP in the 2008-09 Loan Program Budget for this purpose.

Commissioner Liu ABSTAINED.

DRAFT

AGENDA ITEM 2 – 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

Janet McDuffie, Chief of the Administration & External Affairs Division, provided historical information on the level of services that EDFUND has provided to the Commission and how the number of joint projects has increased over the years to ensure that the Commission continued to provide services to students. There was some discussion about the budget reductions, the potential sale of EDFUND and their impact on the Commission and the students it serves.

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission **APPROVED** by ROLL CALL VOTE the recommendation to direct 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.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 11:48 a.m.

YASMIN DELAHOSSAYE
SECRETARY

**California Student Aid Commission and EdFund Board
2009 Calendar of Meetings**

Month	Date	Meeting Type
January		
February	20 26-27	EdFund Board Meeting Commission Meeting
March		
April	16-17	Commission Meeting
May	20 21	EdFund Board Workshop EdFund Board Meeting
June	25-26	Commission Meeting & Workshop
July	23-24	Joint CSAC/EdFund Workshop
August	14	EdFund Board Meeting
September	3-4	Commission Meeting
October		
November	13 19-20	EdFund Board Meeting Commission Meeting
December		