

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:

- Budget Update
- Legislative Report
- EDFUND Report

Recommended Action: For information only. No action required.

Responsible Person: Diana Fuentes-Michel,
Executive Director



Executive Director's Report September 2008

Dear Commissioners,

Good day to all of you. During the last month, the Commission has successfully moved its headquarters to a temporary location at 10834 International Drive (across the street from our former location). The move occurred during a busy time of the academic year as colleges and universities began their final push towards enrollment for the fall academic term.

BUDGET UPDATE

The delay in the approval of the State's 2008-09 final budget has delayed our ability to deliver grant and specialized aid prior to the beginning of the enrollment. As I write this report, there is no budget authority to administer the Commission's program funding. Once there is a budget agreement and the legislature passes the budget bill, the Governor has fifteen days to exercise his line-item veto. The Commission anticipates the fall advances will be disbursed within ten days after the budget's enactment. I remain hopeful that the impasse will be resolved soon.

We are also providing a brief discussion on the effects of the Budget on the Commission's programs.

Cal Grant Processing

In any budget year, funding authority for the Commission to release Cal Grant program funds to schools is given when the final state budget is approved. In a year when the budget is late, several potentially harmful situations may occur. These include:

- ✓ ***August Advance:*** For those institutions that had selected their fall Cal Grant advance to be sent in August, the 2008-09 Cal Grant fall advance had been scheduled for Monday, August 11, 2008. However, the California Student Aid Commission is not authorized to advance funds in the absence of an enacted state budget. Some colleges and universities have used their own funds to ensure that students receive aid to cover early term expenses which are critical to a successful start to the school year.
- ✓ ***Risky Financing:*** Students may resort to more student loans, credit cards or personal loans to meet short term needs. Some of these loans have high interest rates and non-refundable origination charges even if paid in full.

- ✓ Campus Funding: Some schools that utilize campus funding to pay students prior to the Cal Grant advance may experience cash-flow problems.
- ✓ Competitive Cal Grant Update: Students who have been offered Competitive Cal Grant A and B awards have received tentative offers pending Budget enactment. Cal Grant A and B awardees have been placed on hold to reflect the tentative nature of their awards and to make sure that schools deciding to package these awards do so only on a fully-informed basis.
- ✓ Payments: Schools may not report payment transactions for the 2008-09 academic year without an approved budget; however, school changes may be processed at this time.
- ✓ Cal Grant C: Pending the fate of the Cal Grant Competitive program, the Commission is mailing Cal Grant C Supplements to applicants who appear to be Cal Grant C eligible and also to those who have been tentatively selected for an A or B award and meet the Cal Grant C award selection criteria, in case no funding is provided for Competitive awards.
- ✓ Late Notification: While Cal Grant C is not currently facing any cuts, the fate of the competitive program will have an effect on Cal Grant C awards. The Commission will run all of the students who do not receive a competitive award if the competitive program is cut for the Cal Grant C program. Those who could qualify for Cal Grant C (have vocational/career technical program aspirations) will be evaluated. Therefore, the Commission cannot run the Cal Grant C program until we know will happen to the Competitive program.
- ✓ Grant Operations Memo was distributed to participating Cal Grant institutions to provide updated processing details.
- ✓ Call Volume: The Commission has experienced an increase in student, parent and school inquiries by phone and e-mail regarding the budget and how it affects student access.
- ✓ Specialized Program Processing: The delay of the State budget could result in a delay in APLE, Byrd, Child Development, Chafee, and all other Specialized Programs payments. The delay in Byrd, LEPD, Chafee, and Child Development scholarships and grants will affect students as they start the new school year because they need the money for their tuition payment.

LEGISLATIVE REPORT

The second half of the 2007-08 Legislative Session began on January 7th and will end on August 31st. The Legislature has until that date to pass bills to the Governor. The Governor has until September 30th to sign or veto bills that are passed by August 31st or they become law without his signature.

At the February 29th Commission meeting, Commissioners directed staff to pursue a legislative vehicle to amend California Education Code section 69437.6(c) to allow consideration of all college GPAs for Competitive Cal Grant B awards, eliminating an existing discrepancy between Competitive Cal Grant A and B statutes. The Assembly Higher Education Committee carried the technical change for the Commission in AB 2260 which was signed by the Governor on August 1st. The amendment goes into affect on January 1, 2009.

At the April 17th Commission meeting, the Commission took support positions on eight bills: SB 1158 (Scott), SB 1219 (Cedillo), SB 1301 (Cedillo), SB 1355 (Corbett), SB 1656 (Romero), AB 2082 (Salas), AB 2083 (Nunez), and AB 2365 (De La Torre).

- ✓ SB 1219 (Military Cal Grant), SB 1656 (DJJ teachers' eligibility for APLE), AB 2082 (National Guard Competitive Cal Grant selection priority), AB 2083 (California Dream Act companion bill), and AB 2365 (Increase in Cal Grant B Access amount) were all held in committees (though we think SB 1656 will still make it into a trailer bill).

- ✓ SB 1301 (California Dream Act) is still alive and awaiting its 3rd reading on the Assembly Floor.
- ✓ SB 1158 (APLE eligibility for credentialed teachers) and SB 1355 (student loan disclosures) passed both houses and are on the Governor's desk.
- ✓ Commission staff has received assurances from authors that they will continue to pursue a Military Cal Grant and increased Access amounts in the next Legislative Session.

Speaker of the Assembly Karen Bass has authored Assembly Bill (AB) 638 Physician Assistant Loan Assumption Program and has asked the Commission for its support of this bill and this program.

The bill was not brought to the Commission for an official position at its April and June meetings, since staff was still working with the author's office to amend programmatic and funding issues. On July 2, final amendments were worked out between the author's office, Commission staff, and Senate Education Committee staff. The Physician Assistant Loan Assumption Program is now closely modeled after the State Nursing Assumption Program of Loans for Education.

In the last month, AB 638 has moved through both Houses very quickly. At this moment, the bill is enrolled and waiting along with other enrolled bills to be sent to the Governor for his signature.

Some important provisions included in AB 638 are:

- ✓ No action is required by the Commission until operational funds (for personnel, programming contracts, printing and mailing) have been appropriated through the Budget Act.
- ✓ Once funds have been appropriated, the Commission's first responsibility is to develop regulations, which shall take up to 12 months.
- ✓ The earliest the Commission shall begin the administration of the program is the 2009-10 fiscal year.
- ✓ The bill contains a sunset provision of January 1, 2014, unless repealed or extended before that date.

Commission staff intends to send a letter to the Governor supporting the loan assumption program set forth in AB 638, contingent upon appropriation of operational funds and personnel for the Commission in the Budget Act, unless otherwise directed by the Commission.

ATTACHMENT 1 is a staff analysis of AB 638.

EDFUND REPORT

ATTACHMENT 2 is a report from the President of EdFund.

Issues Related to the Delay Caused by the Lack of Same Level of Service from EdFund

Over the last several weeks, the Commission has continued to depend on its auxiliary organization to provide continued support services under its operating agreement with its loan services auxiliary, EdFund. Since its inception, EdFund has provided the Commission support for its informational technology, public awareness/outreach and business service functions. This year, EdFund's management has disputed the current level of services that have been provided to the Commission. At the EdFund Board of Directors' August 15 meeting, EdFund

management presented a non-loan budget that was approximately \$1 million lower in support service funding than the previous year. This unusual delay has caused confusion and resulted in increased administrative burdens on the operations of the Commission during a period of significant staff reductions and workload increases.

- ✓ WebGrants for Students: Continued lack of Tier 1 held desk support would make it more difficult for students to access their WebGrants for Students accounts.
- ✓ Mail Room Service: CSAC staff continues to seek assistance and/or funding to administer the mail room activities.
- ✓ WebGrants: Lack of GDS production support services could result in system failure and resulting failure to provide award processing and payment services to students and schools.
- ✓ Tier 1 Help Desk: Lack of support would lead to delays in school and student support.
- ✓ GPA Imaging Contract Support: Lack of contract services and system administration support could lead to late processing of paper GPAs and lost GPA submission.
- ✓ GDS Printing Support: Lack of support would lead to later communications with students and schools
- ✓ Telephone Support: Lack of support would impact phone and automated call distribution support to students and schools.
- ✓ Interactive Voice Response: Lack of contract management and services would lead to obsolete information to students calling in for current status.
- ✓ Network System Support: Lack of EdFund staff support in the event of a critical CSAC staffing shortfall need could result in loss of system access to CSAC staff, schools and students.

The Commission will hear an update on the status of the non-loan budget discussion during the Commission's September 4 meeting. The Commission is scheduled to hear its student loan program budget at its September meeting.

Lastly, attached to this report is a chart that includes the actions taken by the Commission at its recent meetings and the status of completion. (ATTACHMENT 3)

The Commission staff is here to answer any questions you might have on the issues before you at the September meeting. I look forward to seeing all of you on September 4-5, 2008. I can be reached at (916) 464-8271 should you have any additional informational requests or questions.

Sincerely,

Diana Fuentes-Michel
Executive Director
California Student Aid Commission

	AB 638 (Bass) Student financial aid: California Physician Assistant Loan Assumption Program Amended June 12, 2008, and July 2, 2008	
	CSAC Contact: Lori Nezhura Phone: (916) 464-2158 Email: lnezhura@csac.ca.gov	Legislative Contact: Max Espinosa Phone: (916) 319-2047 Fax: (916) 319-2147 Address: State Capitol, Room 319

I. Summary

This bill establishes a Commission-administered loan assumption program for physician assistants who agree to work in medically underserved areas of California.

II. Current Law/Proposed Law

Current Legislation:

None.

Proposed Legislation:

As amended June 12, 2008, and July 2, 2008, this bill does the following:

- a. Establishes the California Physician Assistant Loan Assumption Program administered by CSAC to assume qualifying education loans of physician assistants who agree to practice in designated medically-underserved areas.
- b. Creates the California Physician Assistant Loan Assumption Program Fund and provides that CSAC shall accept private funds that are offered to support the mission and operation of this program. CSAC shall be under no obligation to administer this program until sufficient money has accumulated in the fund or has been appropriated by the Legislature.
- c. Identifies eligible applicants as defined.
- d. Specifies that loan assumption agreements shall be with applicants who need to complete training or coursework in order to become licensed and agree to practice at a site located in an area of the state where unmet priority needs exist for primary care family physicians.
- e. Provides for loan assumption payments totaling up to \$20,000 over four years to be paid upon verification that the participant has become licensed to practice in California and is employed in a medically-underserved area.
- f. Specifies that regulations must be adopted within 12 months of "appropriation of operational funds for the program."
- g. Adds a sunset date of January 1, 2014.

III. Analysis

Purpose of the Bill (Author Statement):

This bill intends to address several major issues. One of these issues is the increasingly prohibitive cost of a Physician Assistant education program. Today, a Physician Assistant can expect to graduate with an average debt of \$41,000, discouraging some from even pursuing a career as a Physician Assistant. Moreover, there is a chronic need for more health professionals in medically underserved areas, particularly Physician Assistants. Since Physician Assistants can provide many services identical to that of a physician, and can complete their education in fewer years, their utility in medically underserved areas is noteworthy especially given the access to health care issues we have in the state.

Commission Position:

None.

Legislative Objective:

The Commission will work to support the Legislature to strengthen and improve the opportunities offered through Commission programs, including all Specialized aid programs.

Support:

California Academy of Physicians Assistants
California Primary Care Association
San Joaquin Valley College
The College of Allied Health Professions
United Nurses Associations of CA/Union of Health Care Professionals
University of California
University of Southern California

Opposition:

None identified.

IV. Financial Impact

Commission Impact

This bill would require ½ (50% time) Personnel Year (PY) in the initial year to develop regulations, with on-going ½ PY to administer the program and increases in printing, postage, and communications

This bill will require program automation in the initial year, with on-going maintenance costs. Commission staff estimates that it will require a graduate Information Technology (IT) student 3.5 months at 88 hours per month in the initial year, with the same annually thereafter for database maintenance.

- **Fiscal impact: \$48,582 in FY 2008-09 with on-going costs of \$48,582.**

General Fund Local Assistance Impact

Scenario 1: All 100 recipients paid in all years. *							
		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Payment Year 1	\$5,000		\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Payment Year 2	\$5,000			\$500,000	\$500,000	\$500,000	\$500,000
Payment Year 3	\$5,000				\$500,000	\$500,000	\$500,000
Payment Year 4	\$5,000					\$500,000	\$500,000
Academic Year Total:			\$500,000	\$1,000,000	\$1,500,000	\$2,000,000	\$2,000,000

Scenario 2: Eighty percent of 100 recipients paid in all years.*							
		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Payment Year 1	\$5,000		\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Payment Year 2	\$5,000			\$400,000	\$400,000	\$400,000	\$400,000
Payment Year 3	\$5,000				\$400,000	\$400,000	\$400,000
Payment Year 4	\$5,000					\$400,000	\$400,000
Academic Year Total:			\$400,000	\$800,000	\$1,200,000	\$1,600,000	\$1,600,000

Scenario 3: Seventy percent of 100 recipients paid in all years.*							
		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Payment Year 1	\$5,000		\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Payment Year 2	\$5,000			\$350,000	\$350,000	\$350,000	\$350,000
Payment Year 3	\$5,000				\$350,000	\$350,000	\$350,000
Payment Year 4	\$5,000					\$350,000	\$350,000
Academic Year Total:			\$350,000	\$700,000	\$1,050,000	\$1,400,000	\$1,400,000

*Source :Commission Research Unit

V. Reporting Requirements

Requires the Commission to report to the Legislature on or before January 1, 2012, and annually thereafter on the number of participants in the program, the locations where the participants practice or attend school, and the amount expended for the programs operation and amount collected in donations for the program.

Requires the Legislative Analyst's Office to submit a report on or before January 1, 2013, to the Legislature describing the program's experience, evaluating it's effectiveness in improving access to underserved populations, an making recommendations for maintaining or expanding the program.

VI. Legislative History

Related Legislation

The SNAPLE-NF (Nursing Faculty) program, established by SB 63 (Chapter 73, Statutes of 2005), is intended to encourage students to complete a baccalaureate or graduate degree and teach in a nursing program at a regionally accredited college or university in California. It will pay up to a total of \$25,000.00 over the course of three academic years on a full-time basis, or on a part-time basis for the equivalent of three full-time academic years, on outstanding student loans for nursing faculty. A person must be a student enrolled in or admitted to a program, in which they will be enrolled at least half-time each academic term, making satisfactory academic progress, and be nominated for participation in the program by their institution.

The SNAPLE-NSF (Nursing in State Facilities) program, established by SB 1309 (Chapter 837, Statutes of 2006), is intended to encourage students to complete a baccalaureate or graduate degree and practice in a state prison or state mental hospital. It will pay up to a total of \$20,000.00 over the course of four years. Along with delineating the eligibility requirements, benefits, and eligible state-operated facilities, it also established a sunset date of January 1, 2013.



**President's Quarterly Report to the Board of Directors
For April 1 – June 30, 2008**

Submitted August 2008

EdFund is in the midst of the peak loan-processing season and energized by the numerous opportunities the company sees to reach scores of additional schools and thousands more borrowers. The unknowns surrounding the state of California's proposed sale of EdFund are many, but the company's continued focus on its core competencies and successful service model is producing stellar results.

Federal Default Fee

The goal of EdFund's 2008-09 Federal Default Fee (FDF) plan is to maintain and grow loan volume. While reports indicate that an earlier announcement would have had an even greater impact in the market, the FDF plan introduced in April 2008 significantly improved loan volume expectations for the latter months of 2007-08. Of particular importance is the effect on volume protection. From coast to coast, schools have remained with EdFund because the company is covering the FDF for their borrowers.

The third quarter saw an impressive list of "new-to-EdFund" schools decide to make the company one of their service providers, linking EdFund with one or more of the lenders included in the FDF plan. More than 60 colleges and universities are now new EdFund customers, thanks to the company's FDF plan. These decisions have already resulted in significant new loan volume, and expectations for additional volume growth in the fourth quarter are at least 20 percent above last year's \$3.05 billion.

Business Planning Initiatives

Budget & Business Plan: EdFund management presented a draft of the 2008-09 business plan and budget to the Finance & Budget Committee in July 2008; it now awaits Board review and approval. The plan may require revision for non-loan program expenses depending on the outcome of the 2008-09 state budget and its possible impact on the Operating Fund. Although the governor's proposed May revision indicated the EdFund sale is unlikely to be consummated until 2009-10, final trailer bill language is unknown until the budget is passed. In spite of economic uncertainties, EdFund management continues its strategic planning efforts to ensure the company's continued success in executing all FFEL Program guaranty functions on behalf of the Commission. Among these efforts is tremendous progress toward finalizing a Voluntary Flexible Agreement (VFA) with the U.S. Department of Education (ED).

Move to New Headquarters Building: EdFund moved its Rancho Cordova staff on schedule over the July 4 weekend to its new headquarters in the Mather Commerce Park. Ahead of the general move from the Zinfandel Drive building, a “secure” move successfully transferred the sensitive information maintained by Finance, Human Resources, Legal, Audits and the Security Office.

The company also moved its data center to an off-site facility and, in the sixth and final phase of the move, will consolidate Business Services in EdFund’s Mercantile Drive facility, which formerly housed only the Shipping Center. While moving the data center as well as printing, shipping, mailing, courier services and distribution out of HQ will be a nearly invisible change for staff, it will achieve cost savings by housing these functions in space that is less expensive per square foot than regular office space. Obviating the need for costly tenant improvements for the data center at the Zinfandel Building allowed the company to capture additional cost savings.

Building B next door to the Mather Commerce Center HQ still has no tenant but Edfund continues to work with a real estate broker to secure one.

By reducing the company’s office footprint from approximately 128,000 square feet to 108,000 square feet, EdFund expects to realize significant long-term savings.

Legislative Issues

State: The Assembly Banking and Higher Education Committee held a hearing on the crisis in the credit markets and student loans, and the potential impact on access to higher education in California. President Kipp provided testimony.

Federal

Activity in Washington, DC focused on:

- implementing the Ensuring Continued Access to Student Loans Act (ECASLA) in an effort to mitigate the impact of the crisis in the credit markets on student borrowers, and
- reauthorizing the Higher Education Act (HEA)

Liquidity Crisis

The broad liquidity crisis in the financial markets, which found its way into the student loan industry in 2008, scared off investors in securitized student loan assets and caused over one hundred lenders to announce their departure from the industry.

Congress and ED sought to ease the concerns of borrowers and schools about access to student loans via ECASLA. The new legislation raised federal loan limits for students, clarified the secretary’s authority to provide federal funds to guaranty agencies under the Lender of Last Resort (LLR) program, and gave the secretary the authority to act as a “secondary market of last resort” in cases where lenders needed liquidity to make loans in 2008-09. While it was not considered by the industry as the best solution, it does provide a safety net.

The authorization for ED to purchase FFEL Program loans went into effect July 1, 2008. Only loans disbursed between May 1, 2008, and June 30, 2009, are eligible.

Additional bills have been introduced to address the liquidity concerns of the student loan industry in a much more comprehensive manner, but they remained unfinished as Congress adjourned for the August recess. Hopefully, interest in these bills can be revived once Congress returns in September.

The company cannot yet gauge the extent to which FFEL Program lenders will participate in the LLR program and what volume of loans originated in the coming academic year will be sold to ED.

Reauthorization

After months of negotiations, the House and Senate finally reached agreement on reauthorizing HEA. The full House passed the Conference Report by a vote of 380 to 49, with the full Senate following with a vote of 83 to eight.

HEA did not contain any dramatic surprises, and provides some positive clarification regarding a guarantor role in the PLUS loan auction (though there is doubt this program will roll out on schedule); reimbursement for advisory groups; and a vital role in financial literacy education, as well as delinquency aversion and prevention, for all schools. The bill also reverses at least part of a recently instituted ED rule that was of particular importance to EdFund and the company's school customers. The rule prohibited lenders and guarantors from providing in-person loan counseling at colleges. The law clarifies that guarantors may return to providing vital counseling services under the supervision of school personnel.

ED has yet to reveal its plan for developing regulations for the changes to HEA. Given the scope of the law and the fact that the current administration has only six months left in office, it is unlikely the current ED will attempt to conduct negotiated rulemaking sessions. The industry may see Civil Service-level employees holding field hearings and gathering information from community stakeholders, but should expect this ED to issue only interim regulations for programs that require some sort of regulatory oversight or implementation.

A New Congress and a New Administration

The last two years have been particularly challenging for the FFEL Program. The new Democratic majority in the 110th Congress took advantage of several unexpected opportunities to make significant changes to the program. The president's budget proposal offered to cut billions of dollars from lender and guarantor revenue streams; investigations conducted by New York State Attorney General Andrew Cuomo (and resulting negative press coverage) tarnished the image of the entire industry; and problems in the credit markets all combined to increase the political vulnerability of the FFEL Program.

It is expected that FFEL Program participants will face additional challenges from the 111th Congress, potentially compounded by a Democratic administration. Gains in the Democrats' numbers are expected in both the House and the Senate, with the potential for a filibuster-proof majority in the Senate. House education leaders have indicated that the actions of the past two years are not the last for the FFEL Program.

Edfund is working both independently and in collaboration with industry colleagues to educate congressional offices on the need for a strong and vibrant FFEL Program. Delivering the positive message of the guarantor role in postsecondary education financing is of the utmost importance and will be vital in staving off additional program cuts.

Company Initiatives

Training: Client Training – Financial Aid is preparing to provide training workshops this fall. Workshops will be held throughout the nation at locations convenient to the company's school customers, with topics varying depending on customer needs.

By school customer request, the Client Training - Professional Development team has added two new workshops to its extensive list of offerings:

- Professional Success -- Coaching to Win Today. An interactive, two-hour workshop about how coaching relates to leadership, and contrasts with supervision. Includes four steps to becoming an inspiring coach.
- Team Success -- Communicating in a Diverse World. A two-hour workshop on how our understanding of diversity influences our communication.

Just one example of the value of EdFund's workshops was on display at the spring Pennsylvania Financial Aid Workshop in Philadelphia. EdFund's offering covered Verification and Financial Literacy, and the workshop drew 28 attendees. The topics were well received and the schools were clearly engaged. Not only was this the best turn out in Pennsylvania for Edfund to date, the audience was filled with representatives from key schools.

New or Updated Publications

Featured Publication

I-86 Student Retention Guide: Your Resource for Early Withdrawal Counseling: a step-by-step guide to assist financial aid administrators trying to encourage withdrawn students to re-enroll in school and/or enter loan repayment. Based on EdFund's highly successful Early Withdrawal Counseling program, it recognizes the myriad personal reasons students withdraw from school and attempts to overcome those obstacles in a collaborative way.

Updated Publications

- I-44 PLUS brochure, I-44.1 PLUS brochure Spanish: added foreclosure exemption in eligibility requirements as well as the new deferment option. Re-organized to better communicate the benefits of a PLUS loan versus a private loan.
- I-45 Stafford brochure, I-45.1 Stafford brochure Spanish: reflects reductions in the origination fee and interest rates, and increases in loan limits.
- I-59 Manage Your Student Loan Portfolio: previously focused only on consolidation, it now addresses all repayment options. Shifted to Web only, it was re-formatted as an easily downloadable PDF. Accompanied by a PowerPoint presentation to assist financial aid staff in counseling their students.
- I-66 Power of Education Poster, I-67 Power of Education Spanish: features the latest Census Bureau data on income levels linked to education. Available on the Web only.
- L85 Outlook: Graduate Entrance Guide, L85.1 Outlook: Graduate Exit Guide, L80A Zone In on Your Student Loan: California College Entrance Guide, L80A.1 Zone In on Your Student Loan: National College Entrance Guide, L80B Zone In on Your Student Loan: National Exit Guide: updated to reflect regulatory changes. Will be redesigned to realize additional cost savings and coordinate with the new look and feel of the EdFund brand.
- Building Futures-Financial Literacy: topics expanded from four to 11, and now all available in downloadable format from the Web, including a PowerPoint presentation with speaker notes. Created an online PDF student workbook for all 11 topics. Moving this material to the Web allowed EdFund to expand its offerings and provide a more flexible and customizable product while saving tens of thousands of dollars.

- Newsletter articles: replenished the article archives for CRMs who contribute EdFund stories to regional financial aid association newsletters. Articles include award-winning Money Matters columns, industry trend and research stories, and tips to help financial aid administrators maximize their resources to benefit students.

Conference Attendance

- AASFAA (Arizona) Symposium in April
- Association for Texas Lenders in Education (ATLE) in May
- UASFAA (Utah) Conference in May
- RMASFAA (Rocky Mountain Region) Summer Institute in June

Customer Feedback

On EdFund training offerings

From the members of the MASFAA (MA) 2008 Conference Committee:

- Tina Favara from Northern Essex CC raved about EdFund's Verification sessions and told the group she liked it so much she asked EdFund to present to her staff.
- Thomas Frazier from Lasell College told the group that EdFund had "the best" training workshops and that he liked them very much because they're always a lot of fun and very informative.
- Kathy Osmond, the MASFAA president and administrator at Wellesley College, told the group she heard great things at a session Jered Stewart (CRM) put together for Harvard University and that she previously attended an EdFund training at a MASFAA Conference and found it to be excellent.
- Jolene Coakley from MGH Institute of Health Professions also shared with the group that she thinks very highly of EdFund's workshops.

From Leeward Community College in Honolulu:

"Jennifer was great :-) :-) :-). She gave two very well organized and interesting workshops for us. Here is what one participant sent to our chancellor:

"I've been to countless sessions on student retention & organizational leadership, but I found both of today's sessions of particular relevance for LCC's current and, arguably, most pressing needs: student success and leadership changes.

The "SMART Goals" session was exceptionally useful for anyone involved in remedial/development and college readiness/retention initiatives, while the "Leading the People Side of Change" offered the perfect set of tools for any leader who wants to move a group of stakeholders through the inevitable transition stages of any change-making initiative.

I highly recommend you requesting that these sessions be re-offered early in the Fall when we have most of our personnel on campus. The "Leading the People Side of Change" should be required for any of our folks who serve in a supervising capacity. I took the liberty of getting you a workbook from that session. It's VERY good stuff!"

From Thunderbird School of Global Management in Glendale, AZ:

"..... I just wanted to drop you a note to let you know that I made it through the session just fine. You are such a good teacher and after watching you do it so many times I think I did OK. It was a great bunch of students who asked a lot of questions, so that helped too."

From Grand Canyon University in Phoenix, AZ:

"I attended Mark Gotsch's session yesterday and I thought it was phenomenal! Would he be available to come to GCU and do something like that in a couple of months? Thanks!"

On EdFund default prevention counseling

A delinquent borrower gave kudos to Loan Repayment Counselor Tiffany Brown for her excellent customer service. The borrower appreciated Tiffany's pace and courteous tone and felt that Tiffany's exceptional customer service made the contact very informative and pleasant.

Loan Repayment Counselor Michelle Bersola received a unique compliment from a borrower. The borrower referred to Michelle as an "angel in disguise." Michelle's warm, caring attitude and excellent service put the borrower's fears to rest, and together they found a workable solution. The borrower was very appreciative that Michelle was able to help her achieve a positive repayment status.

Conclusion

EdFund continues to balance the need to support core loan-program activity with other public benefit initiatives. With the success of the company's FDF strategy, EdFund's service and support commitment to borrowers and schools is opening ever-more doors.

	ACTIONS TAKEN BY THE COMMISSION	STATUS UPDATE
1	<p>Commission Officers</p> <p>On June 26, 2008, the Commission elected the following slate of officers for 2008:</p> <ul style="list-style-type: none"> ▪ Peter Hankwitz, Chair ▪ Lorena Hernandez, Vice Chair ▪ Yasmin Delahoussaye, Secretary 	
2	<p>Commission Meeting Minutes</p> <p>On June 26, 2008, the Commission approved the April 17-18, 2008 Commission Meeting minutes, with edits. The Commission also authorized former Chair Dennis Galligani, as the sole remaining member of the Audit Committee in attendance at the January 8, 2008 Audit Committee meeting, to review, revise as needed, and sign the minutes of the January 8, 2008 meeting.</p>	<p>The April 17-18, 2008 Commission meeting minutes were revised and signed by the Commission's Secretary, Yasmin Delahoussaye.</p> <p>The January 8, 2008 CSAC Audit Committee minutes have been reviewed, approved and signed by (former) Commissioner Dennis Galligani.</p>
3	<p>Contracts</p> <p>On June 26, 2008, the Commission approved the Interagency Agreement with the Department of Technology Services for Data Center support in the amount of \$204,000.</p> <p>The Commission also ratified the amendment of the Interagency Agreement with the Department of Justice for \$75,000 in the amount of \$135,000 and extended the term through June 30, 2009.</p>	<p>The interagency agreements have been implemented. However, no invoices may be paid until a State budget is passed.</p>
4	<p>California Student Opportunity and Access Program (Cal-SOAP)</p> <p>On June 26, 2008, the Commission agreed to put in place the following process by the week of July 1, 2008:</p> <ol style="list-style-type: none"> 1) The Commission's higher education segmental representatives agreed to contact their respective segments 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. 	<p>At the end of June, Commissioner Delahoussaye contacted California Community Colleges Chancellor Diane Woodruff. Commissioner Arciniega contacted California State University Chancellor Charles Reed. Commissioner Rodriguez contacted the Executive Committee Chair Richard Osborn of the Association of Independent California Colleges & Universities. Commissioner Galligani contacted University of California (UC) President Mark Yudof who has offered to provide bridge funding of up to \$600,000 for the UC affiliates of Cal-SOAP, including the East Bay, Solano, San Jose, San Diego and Imperial Counties Consortia.</p> <p>In the beginning of July, Chair Hankwitz sent a letter to EdFund President Kipp requesting that EdFund propose ways to fund Cal-SOAP projects</p>

	ACTIONS TAKEN BY THE COMMISSION	STATUS UPDATE
	<p>2) Commissioner Delahoussaye offered to approach the California Community College Foundation regarding the gap funding for Cal-SOAP and report back to the full Commission.</p> <p>3) The Commission would 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.</p> <p>In addition, the Commission authorized 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 modifications to the Solano project funding.</p>	<p>during the gap in funding. President Kipp indicated that upon receipt of Department of Finance approval, he is prepared to recommend that the EdFund Board adopt an amendment to the 2007-08 budget to provide gap funding.</p> <p>On August 19, 2008, Commission staff received news from the U.S. Department of Education that the Commission's application to receive funding under the College Access Challenge Grant for fiscal year 2008 was approved effective August 14, 2008 to August 13, 2009. Staff is in the process of finalizing the 2008-09 Cal-SOAP consortia contracts.</p>
<p>5</p>	<p>EdFund's Closed Session Meetings on the Executive Change-in-Control Severance Agreement</p> <p>On June 26, 2008, the Commission decided 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.</p> <p>Additionally, the Commission approved a revised CSAC policy (for inclusion in the CSAC/ EdFund meeting policy) that includes provisions: 1) requiring the EdFund closed session meeting notices to be approved by the Commission's General Counsel, and 2) authorizing the Commission General Counsel to attend all EdFund closed sessions.</p>	<p>Staff is in the process of carrying out these directives.</p>
<p>6</p>	<p>Governance Policies</p> <p>On June 26, 2008, the Commission adopted the revised Governance Policies that include the amendments recommended by the Governance & Monitoring Committee at its June 10, 2008 and June 19, 2008 meetings.</p>	<p>The revised Governance Policies were provided to EdFund Board Chair Sally Furay and President Kipp.</p>

	ACTIONS TAKEN BY THE COMMISSION	STATUS UPDATE
	<p>The Commission also decided 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.</p>	<p>Staff is in the process of pursuing the changes to the Education Code.</p>
<p>7</p>	<p>2008-09 Loan Program Budget</p> <p><u>Public Awareness Campaign</u> On July 14, 2008, the Commission voted 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.</p> <p><u>Cal-SOAP</u> The Commission also voted 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.</p> <p><u>Same Level of Service</u> The Commission directed 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.</p>	<p>In early July, Chair Hankwitz sent a letter to EdFund President Kipp requesting proposals on how EdFund could assist with regard to these issues.</p> <p>President Kipp responded that if the Department of Finance provides its approval, he would be prepared to recommend to the EdFund Board that it amend the 2008-09 Loan Program Budget to include: 1) no less than \$1.719 million for the Public Awareness Campaign; and 2) up to \$1.5 million for Cal-SOAP gap funding. He also reported that the Conference Committee had recently decided to take \$24 million out of the Student Loan Operating Fund to help make sure that actual Cal Grant awards are funded for the coming year.</p> <p>In a letter dated July 16, 2008, Michael Genest, Department of Finance Director, notified Chair Hankwitz that he did not intend to approve the expenditures for the Public Awareness Campaign or the Cal-SOAP gap funding. However, he informed the Chair that he has directed his staff to work with Commission and EdFund staff on the specifics with regard to the 2008-09 proposed expenditures to provide the same level of services as in 2007-08.</p>
<p>8</p>	<p>Operating Agreement</p> <p>On June 26, 2008, the Commission authorized the Chair of the Commission and the Executive Director to execute the Operating Agreement Amendment/Extension through June 30, 2009.</p>	<p>Chair Peter Hankwitz and Executive Director Diana Fuentes-Michel, along with EdFund Board Chair Sally Furay and President Sam Kipp, signed and executed the amendment/extension of the Operating Agreement as of July 1, 2008.</p>

	ACTIONS TAKEN BY THE COMMISSION	STATUS UPDATE
9	<p>Nominations to Advisory Committees</p> <p>On June 26, 2008, the Commission approved the following appointments:</p> <p><u>Loan Advisory Council</u></p> <ul style="list-style-type: none"> • Lois Kelly, California State University Institution Representative (Term: June 26, 2008 – September 9, 2009) • Vonda Garcia, University of California Institution Representative (Term: June 26, 2008 – September 9, 2009) <p><u>Grant Advisory Committee</u></p> <ul style="list-style-type: none"> • Sharon Bowles, State Superintendent of Public Instruction Representative (Term: June 26, 2008 to June 26, 2010) • Mary Lindsey, Proprietary Institution Representative (Term: June 26, 2008 to June 26, 2010) • Adrian Griffin, California Postsecondary Education Commission Representative (Term: June 26, 2008 to June 26, 2010) 	<p><u>Loan Advisory Council</u></p> <p>Ms. Kelly and Ms. Garcia have accepted their appointments. A Loan Advisory Council meeting was scheduled in October but canceled due to lack of a quorum. Staff is in the process of rescheduling.</p> <p><u>Grant Advisory Committee</u></p> <p>All three appointments have been accepted. Ms. Bowles and Ms. Lindsey attended the most recent Grant Advisory Committee meeting on August 15, 2008; however, Dr. Griffin was unable to attend. The next meeting is scheduled for October 9, 2008.</p>