

Action/Information Item

California Student Aid Commission

Approval of June 21-22, 2007, June 27, 2007 and July 26, 2007 and
July 27, 2007 Minutes

Recommended Action: The Commission is asked to
approve the minutes.

**CALIFORNIA STUDENT AID COMMISSION
COMMISSION MEETING/ANNUAL WORKSHOP**

**MINUTES
JUNE 21-22, 2007**

A meeting of the California Student Aid Commission was held on Thursday, June 21, 2007, at 3300 Zinfandel Drive, Rancho Cordova, California.

Chair Louise McClain called the meeting to order at 8:37 a.m.

The following Commission Members were present:

Louise McClain, Chair
Chad Charton
Yasmin Delahoussaye
Michele Dyke
Daniel Friedlander
Sally Furay
Dennis Galligani
Lorena Hernandez
Dean Johnston
Alice Perez
Antonio Solórzano, Jr.

Roll Call was taken and a quorum was recognized.

CHAIR'S REPORT

Chair McClain gave the following report:

- Introduced new appointments to the Commission – Dr. Yasmin Delahoussaye and Antonio Solórzano, Jr. Commissioner Delahoussaye is a Gubernatorial appointment, and is the California Community College representative. Commissioner Solórzano is an Assembly Speaker appointment, and is a General Public representative.
- Chair McClain, along with Catalina Mistler and Carole Durante, attended the award ceremony to present the Arthur Marmaduke High School Counselor Award to Ms. Robyn Sroka at Woodrow Wilson Classical High School in Long Beach, CA on June 6, 2007.

AGENDA TAB 1 – EXECUTIVE DIRECTOR'S REPORT

Executive Director Diana Fuentes-Michel recognized CSAC staff for all of their hard work.

Commissioner Friedlander inquired on three separate issues:

- Hiring of Legal Counsel – would like to have a non-officer Commissioner have a role in the hiring process. Executive Director Michel concurred with Commissioner Friedlander's suggestion. Therefore, Chair McClain appointed Commissioner Friedlander as the Commission representative.

- Interagency Agreement with the Department of Mental Health – does not want to see the same issues that the Commission faced with the Chafee Program Interagency Agreement in receiving the appropriate signatures in a timely manner. Executive Director Michel will provide regular status reports to the members of the Commission during her weekly reports, as well as include a status report in future Commission agendas.
- Phase II of the Grant Delivery System (GDS) – wants to ensure that the stakeholders are involved in the process. Executive Director Michel reported that John Bays, Chief of CSAC's Information Technology Services will develop a formal list identifying specific stakeholders to participate on the GDS-Phase II Technical Advisory Committee.

In addition, on behalf of the Commission, Commissioner Furay expressed the Commission's gratitude to staff for their outstanding contributions to the State Employees' Charitable Campaign.

AGENDA TAB 2 – EDFUND PRESIDENT'S REPORT

EDFUND President Sam Kipp highlighted the following:

- Loan volume for the Stafford Plus Program is down – about \$70 million. This is due to the loss of the University of Phoenix. However, this loss has been slightly offset by a more than 25 percent growth in loan volume at the California-based institutions.
- The conversion to a new collection strategy, which focuses on borrower rehabilitations, has accelerated.
- Personnel Changes at EDFUND
 - Introduced the new Vice President of Human Resources – Sally LaRocca.
 - Announced that Molly Greek has been promoted to the Assistant Vice President of Strategic Project Management
 - Announced that Colleen MacDonald has been hired to fill Ms. Greek's vacant position as Director of Northern California Client Relations.

AGENDA TAB 3 – APPROVAL OF MINUTES OF THE MARCH 30, 2007, APRIL 18-20, 2007 AND MAY 1, 2007 MINUTES

Revisions to the minutes for the April 18, 19 and 20, 2007, and May 1, 2007, were not finalized prior to today's meeting and therefore, they will be presented for review and approval at the September Commission meeting. However, staff completed the minutes for the March 30, 2007 meeting and presented them for approval.

On **MOTION** by Commissioner Friedlander, **SECONDED** and **CARRIED**, the Commission approved the minutes of the March 30, 2007 Commission meeting with edits from Commissioners Friedlander and Furay. In addition, Commissioner Furay asked that on Page 2 – second to the last paragraph – that staff revisit the transcripts to clarify the actual statement made by the Executive Director regarding the federal role in any guarantee designation and make any necessary amendments to the minutes.

Commissioners Delahoussaye and Solórzano abstained. Commissioner Friedlander expressed his desire to have had all sets of minutes available for review and approval versus just the one set that is being presented today.

AGENDA TAB 4 – THE CALIFORNIA COMMUNITY COLLEGES STUDENT FINANCIAL AID ADMINISTRATORS ASSOCIATION (CCCSFAAA), THE CALIFORNIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS (CASFAA) AND THE CALIFORNIA LENDERS FOR EDUCATION (CLFE) WILL BE PROVIDING A PRESENTATION ON “GETTING MONEY TO THE STUDENTS”

Ms. Beth Asmus, CCCSFAAA President, Ms. Meredith Kelly, CASFAA President and Mr. Rob Smith, CLFE President provided a Powerpoint presentation to the Commission entitled *Getting the Money to the Students*.

The Commission thanked the segment representatives for their outstanding presentation and asked that a future presentation include the following:

- Specific data deliverables, ways to streamline, production schedules
- Specific over-awarding processes, as well as additional award notification processes.
- Timelines of award deliveries, i.e. – when do students actually receive their awards.
- The Commission also indicated that the stakeholders consider inviting students to make presentations of their own experiences with the process.

AGENDA TAB 5 – GRANTS AND PROGRAMS ITEMS

Item 5.a – Grant Advisory Committee (GAC) Chair’s Report

Ms. Mary Lindsey, Chair of CSAC’s Grant Advisory Committee provided the following report:

- Introduced the GAC Vice Chair, Ms. Sharon Bowles.
- GAC agreed to cancel the June meeting to allow staff to conduct a series of workgroup meetings to go over the Institutional Participation Agreement, so they can meet the September deadline. The meeting will be rescheduled for sometime in July.

Item 5.b – Cal Grant Update

Ms. Catalina Mistler, Chief, CSAC Program Administration and Services Division provided the following Cal Grant Update:

- High School Entitlement Award offers have increased 3.2 percent.
- Preliminary California Community College Transfer Entitlement Award offers have increased 79.3 percent.
- March Competitive Award offers have increased 17.8 percent.
- All Grant Award offers have an overall increase of 13.6 percent.
- Cal Grant C awards are scheduled to be released in early July. The September competitive awards will be released in late September. Actual totals will be presented at a future Commission meeting.
- Staff will prepare a report for the next Commission meeting that will show the number of electronic submittals versus manual submittals of grade point averages.
- An Operations Memo was released to the institutions informing them of the Self-Certification Form (G8) process. In addition, per the request of the institutions, CSAC will wait a couple of weeks prior to releasing the form to the students. This will allow the institutions time to inform their staff of the process.

Item 5.c – Update on Institutional Participation Agreement (IPA)

Ms. Catalina Mistler, Chief, CSAC Program Administration and Services Division reported that staff hosted an IPA Workshop on May 24th to discuss the three outstanding issues:

- High school graduation confirmation
- California residency
- Separate or commingled accounts for Cal Grant funds

The group was able come to a consensus on the proposed collaborative solutions and implementation for the 2008-09 year, and agreed to meet with the GAC in July 2007, to discuss and to prepare a final proposal to bring to the Commission at the September Commission meeting.

Commissioner Friedlander asked that staff provide regular updates via e-mail to the members of the Commission. He is concerned that they have not received any kind of update since the April meeting. The Commission would like to have “over” communication with the members of the Commission and stakeholders vs. “under”. Mr. Tom Mays, CSAC Public Affairs Director, stated that he will prepare a CSAC Fast Blast that will provide the current status of the IPA process.

AGENDA TAB 6 – FISCAL POLICY AND LONG-RANGE PLANNING ITEMS

Commissioner Furay recommended that Items 6.a, 6.b, 6.c and 6.d be approved at one time. Therefore, on **MOTION** by Commissioner Furay, **SECONDED** and **CARRIED**, the Commission approved staff’s recommendations to:

Item 6.a – Consideration of the Ratification of a Contract of \$350,000 with University Enterprises for Student Assistants in 2007-2008

Ratify the University of Enterprises contract for the period of July 1, 2007 through June 30, 2008, in the amount of \$350,000.

Item 6.b – Consideration of Amendment to Contract with COMSYS to Increase the Amount by \$68,000 to a Total of \$500,000 and to Extend the Term of the Contract through December 2007 for Phase I of the Grant Delivery System

Authorize the Executive Director to increase the COMSYS contract by \$68,000, to a total of \$500,000 and to extend the term of the contract through December 2007.

Item 6.c – Consideration of up to \$325,000 for Contracts with Multiple Vendors for Consulting Services for Phase II of the Grant Delivery System

Authorize the Executive Director to enter into contracts with the selected California Multiple Award Schedule (CMAS) vendor(s) for up to \$325,000.

Item 6.d – Consideration of Contract with the Department of Technology Services for Data Center Support in the Amount of \$178,000 for 2007-2008

Authorize the Executive Director to enter into an Interagency Agreement for \$178,000, with the Department of Technology Services for the period of July 1, 2007 through June 30, 2008.

Item 6.e – Was moved to the Audit Items – Tab 11

Item 6.f – Consideration of Interagency Agreement with the Department of Mental Health to Provide Administrative Assistance to the Department of Mental Health for the Assumption Program of Loans for Education (APLE) for Mental Health Professionals

Mr. Robert Illa, CSAC Fiscal Manager, reported that staff met with representatives from the Department of Finance (DOF) and the Department of Mental Health (DMH) to discuss the administration of the Assumption Program of Loans for Education (APLE) for Mental Health Professionals Program. DMH would like to retain the policy administration of the program, i.e. - allow them to determine who is eligible to participate. CSAC would have the operational authority, i.e. – disbursement of the funds. CSAC and DMH staff met with DOF to discuss this new program. During this discussion, CSAC staff was provided additional information on the timeline for implementation of the program. As a result, CSAC staff determined that an Interagency Agreement was not needed immediately. However, CSAC staff recommended a Memorandum of Understanding (MOU) between CSAC and DMH to create a partnership that would confirm CSAC's intent to assist DMH.

On **MOTION** by Commissioner McClain, **SECONDED**, and **CARRIED**, the Commission authorized the Executive Director to enter into a Memorandum of Understanding allowing the California Student Aid Commission staff to provide guidance to Department of Mental Health staff, and to confirm the Commission's support regarding the Department of Mental Health's Assumption Program of Loans for Education Program.

Item 6.g – Consideration of the California Student Opportunity Access Program (Cal-SOAP) 2007-2008 Contracts

Ms. Janet McDuffie, Chief, CSAC Management Services Division, reported that in the May Revision, the Governor proposed a \$3.6 million, or 42 percent, reduction in the funding allocation for the Cal-SOAP Program and proposed to narrow the mission and series of Cal-SOAP by limiting the use of the funding to financial aid awareness. The Legislators and their staff expressed support for Cal-SOAP, and both the Senate and Assembly Budget Committees voted to restore the \$3.6 million and to retain the program's current mission and services. However, the Governor may implement his proposed reduction by exercising his authority to reduce appropriations and eliminate the legislative restoration of the \$3.6 million. If this should occur, the remaining \$5 million in Cal-SOAP funding will need to be reallocated, and the mission and scope of the program may need to be redefined. If the Governor's proposal should be approved, staff identified a plan to address funding and programmatic changes that include recommendations to the Commission at a future meeting.

On **MOTION** by Commissioner Furay, **SECONDED**, and **CARRIED**, the Commission authorized the Executive Director to execute contracts with the Cal-SOAP consortia for the period of July 1, 2007 through June 30, 2008, for the total amount of \$8,567,000, if this amount is included in the 2007-08 Budget Act and approved the establishment of an ad hoc committee to formulate and present to the Commission no later than its February meeting recommendations regarding specific criteria for the allocation of funds.

Ms. Emalyn Lopus, Project Director of the San Francisco Cal-SOAP Consortium asked that the Executive Director send out a letter to the Cal-SOAP Project Directors and Consortia indicating the budget approval.

In addition, staff reported that the SUCCESS Cal-SOAP Consortium is attempting to obtain a new Fiscal Officer/Agent, and until there is one in place, they will be unable to enter into a contract. If SUCCESS is unable to obtain a new Fiscal Officer, the Executive Director will look into locating a new consortium to serve the Solano area.

Item 6.h – Update on the 2007-2008 Commission Budget

Mr. Robert Illa, CSAC Fiscal Manager, highlighted the proposed changes to the Commission's 2007-08 budget:

State Operations - \$15.3 million shift of the State Operations from the Student Loan Operating Fund (SLOF) to the General Fund, including:

- \$1,167,000 increase and three new positions to implement Phase II of the Grant Delivery System Service-Oriented Enhancements.
- \$175,000 increase and two new positions to strengthen the Program Compliance review efforts.

Programs (Local Assistance)

- \$42.8 million baseline adjustment decrease to the Cal Grant Program.
- \$2.5 million increase to reflect additional loan assumption payments for APLE recipients and an increase in the number of awards from 7,400 to 8,000.
- Shift Cal-SOAP funding from the Student Loan Operating Fund to the General Fund.
- 100 new loan assumption warrants for the Public Interest Attorney Loan Repayment Program. (Legislative proposal)

Item 6.i – Consideration of Preliminary Budget Change Proposals for 2008-2009

Mr. Robert Illa, CSAC Fiscal Manager, reported that although the Governor's proposal is unknown, the Department of Finance has indicated that the Commission should proceed in their submission of their budget change proposals (BCPs) for the resources needed due to the potential decoupling of synergies between CSAC and EDFUND by the September deadline. Therefore, staff is seeking the Commission's approval to develop the necessary BCPs to present at the September Commission meeting.

On **MOTION** by Commissioner Delahoussaye, **SECONDED**, and **CARRIED**, the Commission approved staff's request to develop the 2008-09 Budget Change Proposal(s) for the additional resources and policy recommendations needed due to the potential decoupling of CSAC and EDFUND.

AGENDA TAB 7 – PERSONNEL ITEMS***Tab 7.a – Election of Officers of the Commission***

The Personnel, Evaluation and Nominations (PEN) Committee brought forward a motion to approve the following set of Commissioner Officers:

- Chair – Louise McClain
- Vice Chair – Dean Johnston
- Treasurer - Dennis Galligani
- Secretary – Michele Dyke

Discussion ensued regarding the need for a Treasurer position, as well as the need for an Executive Committee.

On **MOTION** by Commissioner Galligani, **SECONDED** and **CARRIED**, the Commission approved the following set of Commissioner Officers for the term July 1, 2007 through February 29, 2008, with the agreement to revisit the terms at the November 2007 Commission meeting:

- Chair – Louise McClain
- Vice Chair – Dean Johnston
- Secretary – Michele Dyke
- Treasurer - Will remain vacant

Tab 7.b – Consideration of Designation of Directors to the EDFUND Board

On **MOTION** by the Personnel, Evaluation and Nominations (PEN) Committee, and **CARRIED**, the Commission approved the appointment of Ms. Carlene Ellis to the EDFUND Board of Directors.

Tab 7.c – Consideration of Appointments to the Advisory Bodies

There were no Commission Advisory Bodies nominations presented.

Per the direction of Chair McClain, Tab Items 7.d and 7.e were discussed and considered out of order on June 22, 2007. (Please see Pages 15 & 16 of these minutes.)

Chair McClain recessed the Open Session of the meeting of the California Student Aid Commission at 3:15 p.m., and announced that the California Student Aid Commission will 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). Pursuant to California Government Code, section 11126(a) (1), the Commission will also meet in Closed Session to discuss and may take action on personnel matters.

Chair McClain recessed the Closed Session at 6:54 p.m., and reported that the Commission will re-adjourn the Closed Session on Friday, June 22, 2007, after the lunch break. Chair McClain recessed the Open Session meeting until the morning of Friday, June 22, 2007.

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Chair Louise McClain reconvened the meeting of the California Student Aid Commission on Friday, June 22, 2007, at 8:38 a.m.

The following Commission Members were present:

- Louise McClain, Chair
- Chad Charton
- Yasmin Delahoussaye
- Michele Dyke
- Daniel Friedlander
- Sally Furay
- Dennis Galligani
- Lorena Hernandez
- Dean Johnston
- Alice Perez (departed at 1:00 p.m.)
- Antonio Solórzano, Jr.

AGENDA TAB 9 – LOAN PROGRAM ITEMS

Chair McClain announced that Tab 9 will be moved for discussion and/or consideration after continuance of the June 21, 2007 Closed Session meeting.

AGENDA TAB 10 – CONSIDERATION OF THE ROLES, RESPONSIBILITIES AND POLICIES FOR THE COMMISSION, EDFUND AND THEIR RESPECTIVE STAFFS

Discussion on this item was postponed until after discussion of tab items 12 and 13.

AGENDA TAB 11 – AUDIT ITEMS

Discussion on this item was postponed.

AGENDA TAB 12 – GOVERNMENTAL RELATIONS ITEMS

Item 12.a – Update of State Issues and Legislation and Consideration of Positions on Bills Affecting the Commission

Mr. Steve Caldwell, Chief, CSAC Governmental and Public Affairs Division provided an overview of the bills affecting CSAC.

Item 12.b – Update on Federal Issues and Legislation and Consideration of Positions on Bills Affecting the Commission

Mr. David Reid, Vice President, EDFUND Legal Services and External Relations provided the following Federal Update:

- Staff began sending out regular bi-monthly Legislative updates to the EDFUND Board members, the members of the Commission and staff via e-mail.

- The President's Budget proposal includes a potential cut in the collection retention rate from 23 percent to 16 percent, which will change the way the AMF account maintenance fee is calculated.
- The President's Budget also proposes to eliminate Voluntary Flexibility Agreements (VFA). However, Senator Kennedy, the Chair of the Senate Education Committee is a supporter of VFAs.
- It anticipated that an agreement will be reached sometime in July between the House Representatives and the Senate. Congress is scheduled to recess in August.

AGENDA TAB 13 – OUTREACH ITEMS

Item 13.a – Update on the California Student Opportunity Access Program (Cal-SOAP)

Mr. Tom Mays, Director, CSAC Public Affairs Branch provided the following update:

Cal-SOAP Advisory Committee – Per the request of the Commission, staff interviewed key parties associated with Cal-SOAP to receive their feedback on whether or not the Cal-SOAP Advisory Committee should continue. After interviewing various project directors, members of the current Cal-SOAP Advisory Committee members and stakeholders, the consensus was the Advisory Committee is of value to them and should continue.

However, staff continues to have complications in filling the vacant seats, as well as assembling a quorum; therefore the Committee has been unable to meet. Staff offered suggestions on ways to restructure, and improve the membership of Cal-SOAP, as well as fill the vacant seats:

- Resubmit request to appointing officers for nominations. At that time, include clarification of the roles and responsibilities of the members of the Committee.
- Schedule meetings a year in advance. Have more than one meeting a year.
- Acclimate members on the dynamics of the Committee; try to renew commitments.

Executive Director Michel and Ms. Kim Taylor, Manager, CSAC Outreach Unit, began interviewing potential candidates for the vacant CSAC seat. Commissioner Galligani suggested that staff place recommendations (names) into the letter to the nominating parties. Commissioner Friedlander asked that staff provide a current membership list of all the advisory bodies to the members of the Commission.

SUCCESS Consortium – The SUCCESS Consortium is currently experiencing administrative difficulties and are attempting to obtain a new fiscal officer. Ms. Taylor, along with Mr. Charles Wood, Program Compliance Manager met with them to discuss their proposed fiscal agent.

Statewide Marketing Plan – Staff is looking at ways to increase the visibility of the Cal-SOAP Program with Legislative members and key leaders and met with various Project Directors to brainstorm and make plans to launch a statewide marketing plan, using the Cal Grant Public Awareness Campaign as a model.

Item 13.b – Update on the Public Awareness Campaign

Mr. Tom Mays, Director, CSAC Public Affairs Branch, along with Cheryl Lenz, CSAC Outreach Coordinator and Chris Holben, Senior Partner with Runyon, Saltzman and Einhorn (RS&E) provided the following update:

- This year's theme, *Your Ticket to Success, Where Will It Take You*, wrapped up in March.
- The primary campaign messages were – “the financial aid application process is easy and requires only two forms” and “College graduates earn \$1 million more than non-college graduates in their lifetime”.
- Distributed more than 4,500 Cash Boxes statewide.
- Received more than \$1 million in pro bono public service advertising from various companies, such as The Clear Channel, Univision, Telemundo, and KCRA.
- The goal for future campaigns will be to utilize the same format as this year. Staff and contractors need to push the message that tuition is increasing!
- RS&E, along with CSAC staff are currently reviewing the surveys completed by more than 400 pre-and post-awareness students/constituents. So far, the results have been very promising and showed that most high school seniors planned on attending college in the fall.
- From the surveys – 96 percent of the students were aware of student loans, and 92 percent were aware of Cal Grants.
- Placed internet ads on various websites, such as – High Five, Bebo, Monster, FastWeb, Face Book and Hotmail. Those searching the Web, can use the Google Search Engine and it will link them to the various ads.
- In their effort to reach the ethnic population, i.e. – Hispanic, African American, etc. students, and their parents – the campaign team utilized ethnic media including radio and television .
- One concern was that the indications of intent to apply for financial aid dropped. They found that those planning on attending a community college did not follow through in the process as thoroughly as those planning on attending a UC and/or CSU.

Commissioner Delahoussaye suggested that the best way to reach students planning to attend Community Colleges is to hold Cash for College workshops during the week, and not on the weekend. In addition, Commissioner Solórzano suggested that staff identify the college and financial aid counselors at each local high school statewide, and make every attempt to “reach” them, not just the principals.

Item 13.c – Update on the California Cash for College Campaign

Mr. Tom Mays, Director, CSAC Public Affairs Branch, along with Ms. Despina Costopoulos, CSAC Cash for College Coordinator provided the following report:

- This year, they held more than 400 workshops that served more than 14,000 students - a 46 percent increase from last year.
- From those workshops, they have received more than 46,000 returned evaluations. Approximately 6,000 were from parents.
- The 2007-2008 application rates by high schools, county and district report have been posted on the CSAC website.
- A majority of the Cal-SOAP Consortia hosted a Cash for College Workshop.

- The results provided in today's agenda were only preliminary. The coordinator will bring final numbers to the Commission at a later meeting.
- There were 324 \$1,000 scholarships awarded during the workshops and the coordinator hopes to double that number next year.
- The program received grant funding from the College Access Foundation of California for a second year.
- Ms. Costopoulos meets regularly with the members of the Cash for College advisory group, which consists of representatives from the financial aid professional associations, CASFAA, CCCSFAAA, community colleges, University of California, California State University and tax assistance individuals, to strategize for the upcoming years.

Item 13.d – Update on Communications

Staff gave special recognition to Ms. Carole Durante, CSAC communications manager, CSAC Public Affairs Branch, and Ms. Susan Skeoch, Associate Governmental Program Analyst, CSAC Public Affairs Branch, who will be retiring from State service in July/August.

Mr. Tom Mays, Director, CSAC Public Affairs Branch, also introduced Ms. Yvonne Stewart-Buchen, new staff in the Public Affairs Office.

Per the request of Chair McClain, this Agenda Tab 10 was presented out of order.

AGENDA TAB 10 – CONSIDERATION OF THE ROLES, RESPONSIBILITIES AND POLICIES FOR THE COMMISSION, EDFUND AND THEIR RESPECTIVE STAFFS

Mr. Michael Wright, Project Coordinator, The Results Group, along with Ms. Elaine Vann, Independent Consultant, The Results Group, and Ms. Ellen Moratti, Senior Consultant, MGT of America, Inc., provided an overview of the latest version of the California Student Aid Commission's Governance Policies that included two separate versions of the documents. One version included edits by Commissioner Lorena Hernandez and EDFUND President Sam Kipp and the other included edits by CSAC Executive Director Diana Fuentes-Michel. In addition, the consultants presented the preliminary outline for the CSAC Annual Plan for Oversight of EDFUND.

Prior to the beginning of the presentation, Commissioner Perez requested clarification on what the Commission's goal is in regards to the discussion of these documents. She asked that the Commission be mindful that although it is focusing more on policy, there are specific oversight obligations, and the Commission needs to ensure that there are mechanisms in place that allow proper oversight, for which the Commission is accountable. It is her opinion that it is a waste of time for the Commission members, as well as staff, to review and discuss another version of the Governance Policies, without addressing the issues in the Oversight Plan first, which is needed to complete the Operating Agreement between CSAC and EDFUND.

After much discussion by the members of the Commission, it was agreed that the priority of the June 22, 2007 discussion is to agree on, and subsequently approve, an Operating Agreement between CSAC and EDFUND by June 30, 2007; and therefore, the Commission agreed to rearrange the agenda as follows:

- Tab 9.c - Consideration of the Operating Agreement between CSAC and EDFUND
- Tab 10 –Consideration of the preliminary outline for the CSAC Annual Plan for Oversight of EDFUND.

An additional meeting of the Commission will be scheduled for the week of June 25th to approve the final Operating Agreement.

Item 9.c – Consideration of the Operating Agreement between CSAC and EDFUND

Ms. Janet McDuffie, Chief, CSAC Management Services Division, and Mr. David Reid, Vice President, EDFUND Legal Services and External Relations Division, presented the latest version of the Operating Agreement, which is based on the staffs' efforts to address concerns from the Department of Finance. The document being presented reflects areas that CSAC and EDFUND staffs have agreed upon and consider completed. Staff is continuing to work towards agreement on other areas. Staff continued by stating:

- The Operating Agreement needs to be approved by the Commission, as well as the EDFUND Board of Directors, and be in place on June 30, 2007, so it will be effective July 1, 2007.
- Per the request the Department of Finance, the final CSAC Annual Plan for Oversight of EDFUND will be included in the submission of the Operating Agreement.
- Key elements that still need to be addressed to complete the Operating Agreement are: (1) oversight and (2) service level agreements.

Staff also indicated that the items that were still under consideration require guidance from the Department of Finance. Ms. McDuffie explained that there will be a teleconference call with the Department of Finance the afternoon of June 22, 2007. They will pose their questions at that time, and will have a final document ready for approval at the meeting being scheduled for the week of June 25th. In addition, a special meeting of the EDFUND Board of Directors will also be scheduled, so that members of the Board will have an opportunity to review, and subsequently approve the final document.

Item 10 – Consideration of the Roles, Responsibilities and Policies for the Commission, EDFUND and their Respective Staff

Mr. Wright stated that under their contract, The Results Group was only allowed to provide advice on the annual oversight plan, not write it. Therefore, after meeting with staff from both CSAC and EDFUND, they prepared a preliminary outline (template) to utilize in the development of the CSAC Annual Plan for Oversight of EDFUND for discussion and consideration. Discussion included:

- The Commission would like to have a final draft completed and presented at the July 2007 Joint CSAC/EDFUND Workshop/Meeting.

- The plan will be submitted to the Department of Finance, Bureau of State Audits, the Joint Legislative Budget Committee, as well as other Legislative Members for their consideration.
- Typographical error – VGA throughout the document – should read VFA (Voluntary Flexible Agreement).
- Actual oversight by the Federal Policy and Programs Division (FPPD) – what do they oversee? The Results Group found that FPPD receives and reviews monthly, quarterly and annual reports related to the following:
 - Loan Program
 - Listing of All Participating Schools and Lenders
 - Annual Audit Plan
 - Staff Analysis
 - Major Research Projects (as part of Operating Agreement)
 - Major/Minor Property Inventory
 - Market Share

FPPD reviews and analyzes each report, and provides the Executive Director with an analysis on each. Commissioner Johnston pointed out that the Commission has never been involved in the review of any reports submitted to the Executive Director by FPPD staff.

Mr. Wright, along with members of the Commission discussed the seven proposed sections outlined:

1. Oversight Purpose, Roles and Philosophy
2. Definition of Terms and Processes Referred to in this Plan
3. List of Oversight Mechanisms
4. Annual Audits and Reviews – these items are referred to in the Operating Agreement, Section 8.6.
5. Reports Submitted by EDFUND – Each report will have a matrix to use as a guideline and should contain the following information: (Note: CSAC Staff requested that #5 – CSAC Annual Report to the California State Legislature be removed from the list. This report is a statute requirement, and is prepared by CSAC.)
 - Required by Operating Agreement – denote specific section
 - Due Date and/or Timeline
 - Description of report
 - Purpose of the report – how does it contribute value in terms of oversight?
 - Responsible EDFUND staff person to prepare report.
 - CSAC Staff's Review – what is their review, verification, etc?
 - What is reported to the Commission? – provides overview report, and any issues found, prepare an issue analysis report.
 - Commission action – review, discuss and if necessary, take action.
6. Transaction Reviews – Removed from Plan
7. Oversight Processes and Meetings

Commissioner Delahoussaye requested that the next report include the information in a flowchart format. Commissioner Friedlander requested that staff identify which reports are required by State and/or Federal Regulation/law, as opposed to something that the Commission has imposed upon EDFUND.

Mr. Wright suggested that the Table of Contents be provided to the Department of Finance with the Operating Agreement. Ms. McDuffie and Deputy Attorney General, Ms. Kathy Lynch, cautioned the Commission in submitting only the Table of Contents to the Department of Finance and recommended waiting until the Plan is completed.

Ms. McDuffie raised concerns on the outline as presented as it gives the impression that each item stands on its own. FPPD's analysis takes into consideration a number of reports simultaneously, and staff does not necessarily provide a written summary of every single report. FPPD also keeps abreast of any issues affecting the loan program or EDFUND; however, there is nothing in the outline to address other issues as they arise.

Executive Director Michel commented that the actual process of the oversight mechanisms is just as important as the list of reports in terms of BSA's criticism that a report, or audit, is not oversight.

Ms. Lynch emphasized that although the reports are extensive, they are not the key issue with regard to oversight; reporting is not enough. She advised the Commission not to leave anything open-ended. If the Commission submits a list of reports to the Department of Finance, the list should include a description of what is done with those reports. Commissioner Johnston encouraged the Commission to continue the relationship with their organizations to help in a collaborative effort of both the CSAC and EDFUND staff and provide any necessary input. The Commission needs to continue to help with the process of drilling down on what it is they want, and when it is received, and receive input from the appropriate staff in terms of the relevance. Commissioner Johnston added that the Commission must address the staffing levels needed to perform the oversight.

Commissioner Friedlander commented that the Commission does not necessarily require the reports and, furthermore, the Commission does not have control over staffing levels, other than through the Budget Change Proposal process. With regard to collaboration, he responded that oversight is not something that can be negotiated. Whereas, the Commission can look to the consultants for assistance, Commissioner Friedlander wanted to make sure that the components of the annual oversight plan, such as "CSAC Staff Review" and "Staff Reports", are items that the Commission is comfortable with, and not something that the consultants have fed to them, or is a collaborative process between CSAC and EDFUND staff.

In closing, it was agreed that the Ad Hoc Committee will bring to the Commission, at its July meeting, a draft of the Annual Oversight Plan, which will be developed in consultation with CSAC staff, with the support of the consultants, and with input from EDFUND staff, given the distinction that has been made about consultation versus input. The Ad Hoc Committee will also take into account concerns expressed by the Department of Finance, the Bureau of State Audits, the Legislative Analyst's Office and the Joint Legislative Budget Committee. In addition, the Plan will include the oversight processes and meetings as discussed in regards to the budget, the strategic plan and quarterly updates, so everyone is aware of what is currently being processed and their due dates. Commissioner Friedlander requested that the report also include what is mandated by either State and/or Federal regulation/law, and what their priorities are.

Chair McClain adjourned the Open Session of the meeting of the California Student Aid Commission at 12:56 p.m. At 2:17 p.m., Chair McClain announced that the California Student Aid Commission will re-adjourn the Closed Session meeting to discuss and may take action on business matters of a proprietary nature pursuant to California Education Code, section 69525(g)(3). Pursuant to California Government Code, section 11126(a) (1), the Commission will also meet in Closed Session to discuss and may take action on personnel matters. The Closed Session adjourned at 3:45 p.m.

The Open Session was reconvened at 3:50 p.m.

Per the direction of Chair McClain, Tab Items 7.d and 7.e were discussed and considered out of order on June 22, 2007.

Tab 7.d – Consideration of Compensation for the Executive Director

Commissioner Furay, Chair of the Personnel, Evaluation and Nominations (PEN) Committee reported that the PEN Committee was informed that in March 2007, the Governor approved pay raises for all executive directors.

Prior to approving, the PEN Committee requested that Ms. Glenda Smith, CSAC Personnel Manager contact the appropriate authority to provide answers to the following:

- Is the approved pay raise merit-based or automatic that a person be qualified? Ms. Smith reported that per the Department of Personnel Administration (DPA), the person is eligible and the pay raise is automatic.
- If automatic, are the roles of the executive director included in the Governor's upgrade? Ms. Smith reported that per DPA, the executive director's roles are included in the Governor's list. The person, if he or she is qualified, comes in at the bottom of the new pay scale.
- As a pro forma formality, does this require Commission approval? Ms. Smith noted that it does require Commission approval.

On **MOTION** by the PEN Committee, **SECONDED** and **CARRIED**, the Commission approved the salary of the executive director based on Ms. Smith's answers to the abovementioned questions, and made the salary retroactive to April 1, 2007.

Tab 7.e – Consideration of Adoption of an Evaluation Form for the Executive Director's Performance in 2006-2007

Discussion on this item was postponed.

Per the request of Chair McClain, this Agenda Tab 9 was presented out of order.

AGENDA TAB 9 – LOAN PROGRAM ITEMS

Item 9.a – Consideration of Commission Policy on EDFUND Incentive Compensation

Ms. Janet McDuffie, Chief, CSAC Management Services Division reported that staff recommends that the EDFUND executive management compensation remain discretionary, and that the language for the precondition for incentive compensation reflect the language approved by the EDFUND Board of Directors at its February 2007 meeting, and subsequently approved by the Commission at its April Commission meeting.

On **MOTION** by Commissioner Galligani, **SECONDED** and **CARRIED**, the Commission approved the EDFUND Draft Revision to the CSAC Policy on EDFUND Incentive Compensation that was approved by the EDFUND Board of Directors on April 9, 2007 with a modification to the Approval Process, Step 5 as follows: “The Commission Chair either *approves or decreases* the incentive compensation amounts and communicates his or her decision to the EDFUND Board,” and incorporation of the precondition statement for incentive compensation that was approved by the Commission at its April 18-20, 2007 meeting as follows: “A precondition for incentive compensation requires that the year-end Loan Program Revenues Net of Expenses will be a surplus and no less than 75% of the Loan Program Revenues Net of Expenses as approved by the Commission in the annual Loan Program Business Plan and Budget and any subsequent approved change to the budget.”

Commissioner Delahoussaye abstained.

Item 9.b – Consideration of EDFUND Policy on Executive Compensation

Ms. Janet McDuffie, Chief, CSAC Management Services Division reported that at its April meeting, the Commission discussed the Commission Policy on EDFUND Incentive Compensation, and approved the following pre-condition statement:

“A precondition for incentive compensation requires that the year-end Loan Program Revenues Net of Expenses will be a surplus and no less than 75 percent of the Loan Program Revenues Net of Expenses as approved by the Commission in the annual Loan Program Business Plan and Budget and any subsequent approved change to the budget.”

At that meeting, it was agreed that the pre-condition statement needs to conform to the action taken on the other incentive compensation policy, and the roles and responsibilities that are ultimately approved. The Commission and staff discussed minor modifications to the Compensation Policy that was presented and after agreement, staff presented the Proposed EDFUND Executive Compensation Policy, to include the discussed amendments, along with the pre-condition statement (abovementioned) for approval.

On **MOTION** by Commissioner Friedlander, **SECONDED** and **CARRIED**, the Commission approved the EDFUND Policy on Executive Compensation incorporating the

same pre-condition language as in the latest approved Commission Policy on EDFUND Incentive Compensation (Tab 9.a).

Commissioners Delahoussaye and Solórzano abstained.

NEW BUSINESS

Chair McClain stated that today's meeting would be the last for the Commission's Special Counsel, Kathy Lynch, and thanked her for all of her support over the past months.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 4:29 p.m.

MICHELE DYKE
SECRETARY

**CALIFORNIA STUDENT AID COMMISSION
COMMISSION
TELECONFERENCE MEETING**

**MINUTES
June 27, 2007**

A teleconference meeting of the California Student Aid Commission was held on Wednesday, June 27, 2007, at various locations listed on the Notice of Teleconference Meeting dated June 15, 2007.

Chair Louise McClain called the meeting to order at 10:05 a.m.

The following Commission Members were present:

Louise McClain, Chair
Chad Charton
Yasmin Delahoussaye
Michele Dyke
Daniel Friedlander
Sally Furay
Dennis Galligani
Dean Johnston

The following Commission Members were absent:

Lorena Hernandez
Alice Perez
Antonio Solórzano, Jr.

Roll Call was taken and a quorum was recognized.

Hearing no public comment, Commission Chair McClain proceeded with the meeting.

**AGENDA TAB 1 – CONSIDERATION OF AN OPERATING AGREEMENT BETWEEN THE
COMMISSION AND EDFUND**

Ms. Janet McDuffie, Chief, CSAC Management Services Division/Interim Chief, CSAC Federal Policy and Programs Division explained that Commission and EDFUND staffs worked with DOF to make edits to the draft Operating Agreement to successfully address DOF comments. Ms. McDuffie noted that Mr. David Reid, EDFUND General Counsel inserted language that ensures that any changes to the Operating Agreement will be provided to DOF and JLBC for review and comment. Ms. McDuffie stated that staff received feedback from DOF; however, the Joint Legislative Budget Committee (JLBC) had not provided an official response to the draft Operating Agreement. Ms. McDuffie added that the EDFUND Board approved the draft Operating Agreement with minor edits at its June 26, 2007 meeting. Ms. McDuffie proceeded to explain each edit to the draft Operating Agreement.

During the discussion of edits to Section 8.2.B, Commissioner Furay raised concerns regarding her understanding of the language. She stated that her understanding was the Commission would determine the necessity of a SAS-type audit and then seek DOF's approval for funding. However, upon clarification, her understanding is that the SAS-type will be performed annually upon funding approval by DOF. Commissioner Furay expressed her concern about the significant cost of the SAS-type audit and how the expense of a SAS-type audit could potentially devalue the EDFUND asset. Commissioner Johnston added that the EDFUND audit staff reviews their audit workload which includes external audits such as Bureau of State Audits (BSA) and has expressed concern with the workload. Commissioner Johnston stated that including a SAS-type audit would be an impossible task and would require intense management involvement. He stressed the importance of ensuring the SAS-type audit is scheduled appropriately.

Mr. Reid explained that Section 8.2.B was included as a result of a previous BSA report. He stated that DOF may approve the removal; however, BSA would likely express concerns. After a lengthy discussion, it was mutually agreed to retain the language in Section 8.2.B.

During the discussion of the language in Section 8.6 regarding the Annual Oversight Plan, Ms. McDuffie reminded the Commission that DOF is expecting to receive the Annual Oversight Plan for review and comment.

On **MOTION** by Commissioner Charton, **SECONDED** and **CARRIED**, the Commission unanimously approved by Roll Call Vote to approve the Operating Agreement as amended.

CLOSING BUSINESS

Commission Chair McClain requested public comment. Hearing no comments, the meeting of the California Student Aid Commission was adjourned at 11:40 A.m.

Michele Dyke, Secretary

CSAC/EDFUND JOINT WORKSHOP MEETING

DRAFT

3300 Zinfandel Dr.
Rancho Cordova, CA

OPEN SESSION MINUTES

July 26, 2007

Commission/Board Members Present:

Louise McClain, Commission Chair
Sally Furay, Board Chair
Chad Charton, Commissioner
Michele Dyke, Commissioner
Daniel Friedlander, Commissioner
Dennis Galligani, Commissioner
Lorena Hernandez, Commissioner
Dean Johnston, Commissioner
Alice Perez, Commissioner
Antonio Solorzano, Jr., Commissioner
Ryan Alcántara, Board Member
C. Michael Cooney, Board Member
Carlene Ellis, Board Member
Molly Greek, Board Member
Conny Jamison, Board Member
Dale Rogers Marshall, Board Member
Fritz Weis, Board Member
Sam Kipp, Board Ex-Officio
Diana Fuentes-Michel, Board Ex-Officio

Absent

Yasmin Delahoussaye, Commissioner

Conference Call:

David Reid, EDFUND General Counsel

Visitors

Bill Connor
Security

Staff Present:

Martin Scanlon, Vice President, Finance & Administration
Diane Manning, Vice President, Audits
Sally Larocca, Vice President, Human Resources
Linda Weir, Vice President, Client Relations
Len Hyde, Vice President, Default Management
Pat Pendleton, Vice President, Technology Solutions & Services
Therese Bickler, Vice President, Loan Operations
Keith Yamanaka, Chief Deputy Director
Janet McDuffie, Chief, Management Services/Interim Chief, Federal Policy and Programs
Steve Caldwell, Chief, Governmental & Public Affairs
Tom Mays, Manager, Public Affairs
Robert Illa, Manager, Fiscal and Administration Branch
Geoffrey Graybill, Deputy Attorney General, Department of Justice
Wendi Dodgin, Manager, Federal Policy & Programs
Intania Alcoran, Federal Policy & Programs
Leanna Sinibaldi, Federal Policy & Programs
Kathleen Stanley, Federal Policy & Programs
Despina Costopoulos, Cash for College
Gloria Lopez, Commission Liaison
Stephanie Britschgi, Commission Executive Office
Cathy Reynolds, Legal Counsel
Sandy Byram, Board Liaison

CALL TO ORDER

Co-Chair McClain called the meeting to order at 9:05 a.m. Co-Chair McClain introduced Commissioner Antonio Solorzano, Jr. recently appointed to the Commission. Commissioner Solorzano briefed the members on his background. Co-Chair McClain asked all members to introduce themselves for those members that may be new to the Commission and EDFUND Board.

ROLL CALL

Co-Chair McClain asked for a roll call. Commission Liaison, Gloria Lopez, called the roll for the Commissioners and a quorum was established for the Commission. EDFUND's Board Liaison, Sandy Byram, called the roll for EDFUND's Board of Directors and a quorum was established for EDFUND's Board.

PUBLIC COMMENT

Co-Chair McClain asked for public comment; there being none, she moved on to the next agenda item.

ADMINISTRATION MATTERS

Co-Chair McClain clarified the content of open and closed sessions as they relate to the Bagley-Keene Act. She also introduced Geoffrey Graybill, assigned to the Commission from the Attorney General's Office to represent the Commission on legal matters.

EDFUND's President, Sam Kipp, introduced two new members to EDFUND's executive team. Vice President of Human Resources, Sally Larocca brings tremendous skills and experience to EDFUND. Vice President of Technology Services and Solutions, Patrick Pendleton, is a more recent addition with a solid resume of accomplishments.

UPDATE ON 2007-08 STATE BUDGET

Commission staff, Janet McDuffie, reported that the Assembly passed the State budget along with trailer bills that include the process for the sale of EDFUND. The Senate was still in deliberations on the 2007-08 budget. Ms. McDuffie said staff is watching two items: 1) proposed cuts to eliminate 6,000 vacant positions throughout state agencies and, 2) reduction in Cal-SOAP funding.

Commission staff, Janet McDuffie, provided a brief overview of the two trailer bills that pertain to the sale of EDFUND. Commission staff, Steve Caldwell, discussed an analysis prepared by staff and distributed copies of the analysis, along with the two trailer bills, to the members at the meeting.

The Joint Workshop adjourned at 9:47 a.m. from Open Session to Closed Session to discuss and possibly take action on business matters of proprietary nature pursuant to California Education Code 69525(g)(2) and (3).

At the conclusion of the closed session, the Joint Workshop reconvened at 1:30 p.m. into open session and Co-Chair McClain announced there were no reportable actions taken during closed session.

CONSIDERATION OF GOVERNOR'S MAY REVISION PROPOSAL TO SELL EDFUND, AND THE SUBSEQUENT DETANGLING OF CSAC FROM EDFUND

Co-Chair McClain stated this topic, with its issues, was completed during closed session.

CONSIDERATION OF AMENDMENT TO THE OPERATING AGREEMENT TO AUTHORIZE THE PUBLIC AWARENESS CAMPAIGN AND CALIFORNIA CASH FOR COLLEGE PROGRAM FOR 2007-08

Commission staff, Janet McDuffie, briefed the members regarding the purpose of amending the Operating Agreement for the authorization to use \$2.2 million from the Student Loan Operating Fund to fund the Public Awareness Campaign and the California Cash for College Program. These programs help students apply for Cal Grants; the Public Awareness Campaign and the

California Cash for College Program are slated to begin within a few weeks. The Commission and EDFUND staff request approval of an amendment to the Operating Agreement by the EDFUND Board and the Commission to move forward with these projects. The funding is also contingent on the Department of Finance (DOF) and the Joint Legislative Budget Committee (JLBC) review of this amendment. Staff reported that they expect no objections from either DOF or JLBC regarding the amendment.

Co-Chair Sally Furay, requested a change within the amendment to delete the words, “to be managed by CSAC and administered through EDFUND’s contracting process.”

Commissioner Daniel Friedlander MOVED to APPROVE the Amendment to the Operating Agreement as revised as follows:

This amendment dated July 26, 2007, hereby amends the Operating Agreement by and between the California Student Aid Commission and EDFUND entered into on July 1, 2007 as follows:

- 6.7 Notwithstanding Section 6.1 of this Agreement, \$2,206,500 shall be allocated from the Student Loan Operating Fund to be used for outreach activities in the 2008-09 Cal Grant application cycle funded through the Public Awareness Campaign and Cash for College Program.

Other terms and conditions of this Agreement shall remain unchanged.

Commissioner Alice Perez SECONDED the motion. The motion CARRIED for the Commission. Commissioner Sally Furay ABSTAINED.

EDFUND Board Member Dale Rogers Marshall MOVED to APPROVE the Amendment to the Operating Agreement as revised. EDFUND Board Member C. Michael Cooney SECONDED the motion. The motion CARRIED for the EDFUND Board.

The discussion continued regarding the programs and the possible future of the programs.

CONSIDERATION OF THE COMMISSION’S ANNUAL OVERSIGHT PLAN OF EDFUND

The Ad Hoc Committee has deferred discussion of the Commission’s Annual Oversight Pan until the September Commission meeting.

ADJOURNMENT

There being no further business, Co-Chair McClain thanked all of those attending the meeting. The meeting was adjourned at 2:55 p.m.

Louise McClain, Chair
California Student aid Commission

Sally M. Furay, Chair
EDFUND Board of Directors

**CALIFORNIA STUDENT AID COMMISSION
COMMISSION MEETING
MINUTES
JULY 27, 2007**

A meeting of the California Student Aid Commission was held on Friday, July 27, 2007, at 3300 Zinfandel Drive, Board Room in Rancho Cordova, CA.

Chair Louise McClain called the meeting to order at 8:34 a.m.

The following Commission Members were present:

Louise McClain, Chair
Chad Charton
Michele Dyke
Daniel Friedlander
Sally Furay
Dennis Galligani
Lorena Hernandez
Dean Johnston (Departed at 11:00a)
Alice Perez
Antonio Solórzano, Jr.

The following Commission Member was absent:

Yasmin Delahoussaye

Roll Call was taken and a quorum was recognized.

CHAIR'S REPORT

Chair McClain provided the following report:

- Administrative Matters – Commission Liaison, Gloria Lopez reminded the Commission members that when making flight arrangements, they should always ask for a refundable ticket. This will avoid any penalty fees if there should ever be a need to make any changes. She also reminded them of the new car rental process that became effective on July 1, 2007.
- Officially adopted the Resolutions for former members of the Commission - David Roth, Joseph Yew, J. Michael Ortiz and Josefina Baltodano. Staff will send their Resolutions to them.
- The *Sacramento Magazine's* July edition featured an article on Commissioner Alice Perez and her accomplishments.
- Commissioner Charton's term expired in June 2007. Chair McClain acknowledged his dedication and outstanding work during his tenure with the Commission.

- Acknowledged Ms. Janet McDuffie, Chief, CSAC Management Services Division/Interim Chief, CSAC Federal Policy & Programs Division, and her staff, along with Ms. Lopez and Stephanie Britschgi for all of their hard work in preparing for each Commission meeting.
- To accommodate Commissioner Johnston, Tab 6 and Tab 7 will be considered immediately after Tab 3.

TAB 1 – EXECUTIVE DIRECTOR’S REPORT

Along with her written report in Tab 3, Executive Director Diana Fuentes-Michel provided the following update on the status on the CSAC and EDFUND building leases:

- The lease expiration dates for the three buildings are – CSAC Headquarters Building (10811 International Drive) – January 2008; CSAC South Building (10834 International Drive) – April 2009; and the EDFUND Building (3300 Zinfandel Drive) – April 2008.
- The new buildings are scheduled to be completed and ready to be occupied in June 2008. Originally, Building A was to be occupied by EDFUND staff. Building B was to be occupied by CSAC staff.
- Although there is a proposal to sell EDFUND, CSAC has been informed that the Department of General Services (DGS), which is responsible for reviewing and approving any space occupied by any State entities, is open to the idea of having CSAC occupy Building B as planned. However, there will be excess space and DGS has been asked to consider having another State agency occupy that vacant space. Executive Director Michel will continue to work closely with Ms. McDuffie and her staff. One open issue for Building B is CSAC’s need for a Commission meeting Room.

Dr. Sam Kipp, EDFUND President reported that EDFUND is currently negotiating to extend the lease for the 3300 Zinfandel Drive property to October 2008, and/or until the new building is completed and ready to be occupied.

Commissioner Friedlander asked for a status report on the Grant Delivery Enhancement Project Advisory Committee. Mr. John Bays, Chief, CSAC Information Technology Services Division reported that the first meeting was held on Wednesday, July 18th. The first meeting included discussion on the Committee’s goals and purpose. Currently, there are eight candidates for positions on the Committee. Staff will be contacting the segmental representatives to request additional appointments. Commissioner Friedlander reiterated his request to have involvement by the stakeholders on this Committee.

Commissioner Galligani questioned whether or not CSAC could provide the actual number of students that “could” receive a Cal Grant versus those that did receive one. Executive Director Michel indicated that although it might be problematic in gathering this type of data due to the large range of information needed, CSAC’s Research Unit staff will be formulating a research and policy group to look at ways to improve the access to Cal Grants, as well as look at other issues related to data collection.

TAB 2 – EDFUND PRESIDENT’S REPORT

Dr. Sam Kipp, EDFUND President provided an overview of EDFUND’s mission statement and core values:

- Excellence – EDFUND is able to attract and obtain “top flight” staff.
- Awards and Recognition – EDFUND recently received ten (10) magnum opus awards by the Publications Management and the Missouri School of Journalism for various publications.
- Commitment – The EDFUND Client Regional Managers continue to work with EDFUND’s current and prospective customers on a regular basis.
- Integrity – EDFUND is looking at a time where students are looking at their various financial aid options. Although there is uncertainty with the potential sale of EDFUND, EDFUND continues to be recognized as an extremely valuable asset.
- Team Work – EDFUND is able to show great accomplishments – such as their annual Golf Tournament. This year, they raised over \$35,000, which will benefit the Orphan Foundation of America.

TAB 3 – APPROVAL OF THE APRIL 13, 2007, APRIL 18, 19 & 20, 2007, AND MAY 1, 2007 MINUTES***Item 3.a – Approval of the April 13, 2007 Minutes***

On **MOTION** by Commissioner Friedlander, **SECONDED** and **CARRIED**, the Commission approved the minutes of the April 13, 2007 Commission meeting, with minor technical edits.

Commissioners Dyke and Solórzano abstained.

Item 3.b – Approval of the April 18, 19 and 20, 2007 Minutes

On **MOTION** by Commissioner Perez, **SECONDED**, and **CARRIED**, the Commission approved the minutes of the April 18, 19 and 20, 2007 Commission meeting with clarifying edits on pages 20, 25, 26 and 37. In addition, Commissioner Friedlander also had various technical edits.

Commissioner Solórzano abstained.

Commissioner Furay commented that although the minutes were a thorough reflection of the discussion and/or action taken at the meeting, she felt they were actually edited transcripts. Commissioner Friedlander stated that the April meeting was a unique meeting, and the minutes reflect an accurate account of the meeting’s discussion and/or action, and expressed his appreciation to staff for their outstanding work.

Item 3.c – Approval of the May 1, 2007 Minutes

On **MOTION** by Commissioner Perez, **SECONDED** and **CARRIED**, the Commission approved the minutes of the May 1, 2007 Commission meeting, with minor technical edits.

Commissioner Solórzano abstained.

Per the request of Chair McClain, Tab Items 6 and 7 were taken out of order.

TAB 6 – CONSIDERATION OF THE HIRING OF CHIEF INTERNAL AUDITOR

Commissioners Johnston and Galligani, members of the CSAC Audit Committee, presented an overview of the Audit Committee's key points and concerns in the hiring of the CSAC Internal Auditor.

Prior to their presentation, Commissioners Perez and Friedlander expressed their concern that this presentation was created by the Audit Committee, not the Ad Hoc Committee appointed by Chair McClain, which consisted of Commissioners Johnston and Friedlander. It was also noted that the Ad Hoc Committee did not have an opportunity to provide a closing report, and that this presentation was created without the consultation of Commissioner Friedlander. Commissioner Johnston stated that because the Ad Hoc Committee came to a stalemate after their discussions with CSAC staff, and that there is a need to provide immediate direction to CSAC staff, he requested assistance from Commissioner Galligani, as his fellow CSAC Audit Committee member, on drafting the presentation.

During the initial part of the presentation, Commissioner Johnston and Executive Director Michel provided the following background information:

In 2004, CSAC and EDFUND agreed to hire one auditor for both agencies – thus the hiring of Diane Manning. At that time, the CSAC and EDFUND Audit Committees prioritized the audits of both agencies – grants versus loans, and agreed on conducting joint meetings.

However, in 2006, the Bureau of State Audits (BSA) reported under their finding – *The Independence of the Internal Audit Functions at Student Aid and EDFUND May Be Compromised* - “the potential organizational and personal independence impairments exist at the Student Aid and EDFUND because the same person serves as the Student Aid's chief of internal audits, and as EDFUND's vice president of audit services. Additionally, a further organizational impairment existed at EDFUND because its vice president of audit services was also the interim vice president of its legal services.” BSA recommended that “CSAC replace its chief of internal audits with an individual who is free from the appearance of organizational and personal impairments to independence and to ensure it complies with IIA and government auditing standards that require an external assessment of its internal audits unit.”

In July 2006, the Commission approved the separation of the internal audit function between CSAC and EDFUND and the hiring of a CSAC Internal Auditor. Staff received approval from the Department of Personnel Administration (DPA) to fill a Senior Management Auditor position.

Key points of the presentation were:

- Key differences between oversight and internal audit, including reporting structure and staff responsibilities
- Audit Committee composition and key responsibilities
- Internal Auditor function
- Senior Management Auditor responsibilities associated with the loan program and EDFUND

Commissioner Johnston stated that, in his opinion, the Commission complied with the BSA recommendation by splitting the auditing functions. The Audit Committee concluded its presentation by noting that the Commission needs to make a decision on the following audit structure:

- A) Chief Audit Executive (Chief Internal Auditor) of CSAC has overall responsibility of the EDFUND audit program.
- B) CSAC Audit Committee has overall responsibility of the EDFUND audit program, which includes input and participation from the Chief Audit Executive (Chief Internal Auditor) and Executive Director of CSAC.

Commissioner Friedlander stated that Commissioner Johnston's essential point was that the Commission satisfied the BSA concern by separating out the audit function. He indicated that he disagreed with Commissioner Johnston and stated that BSA raised the issue because of the need for the Commission, as a State entity with oversight, to have some independence with regard to the Commission's functions as they pertain to EDFUND. Furthermore, to say the Commission dealt with the issue by having an internal auditor that deals with CSAC issues in a part of the organization, but not all aspects of the organization, does not deal with BSA's concern. He added that EDFUND is a part of the organization and a State official should be involved in the overall internal audit of the organization. He does not think this involvement should be on the level of a day-to-day basis, but the CSAC internal auditor should have some role such as coordination or consultation.

Commissioner Johnston responded that the Audit Committee should direct audit activity. In addition, the Executive Director has State individuals that are in charge of, and report to her on, internal audits for the grant side.

Ms. Diane Manning, Vice President, EDFUND Audit Services, commented that her understanding of BSA's concern, based on her discussions with BSA, is that the audit function should be separated so that a CSAC internal auditor could audit the oversight function of the Commission. Executive Director Michel disagreed and pointed out that if the Commission makes a determination as to the removal of responsibilities from the Director in that regard, then those issues need to be addressed.

Commissioner Perez indicated that she is very concerned the Commission does not have a person who is responsible for oversight (not management of the day-to-day operations of EDFUND). It is her opinion that there is a need to have someone who is accountable for ensuring that checks and balances are in place and reporting to a committee on that.

Commissioner Johnston commented that trying to get both organizations to work together in harmony has been a constant challenge for the Commission, and the only way to adjudicate that is through the Audit Committee process. Commissioner Perez responded that the Commission must ensure that the audit functions are occurring for both organizations and create a structure around a position that has accountability to do that, without meddling day-to-day in every detail of the organization's activities. She added that management needs to deal with the personality issues; if management cannot deal with it, then the Commission will deal with it.

Commissioner Furay commented that the Commission, not the CSAC Audit Committee, has overall responsibility. CSAC's Chief Audit Executive (CSAC Internal Auditor) could not, and is not meant to, have overall responsibility or, in other words, "run" the EDFUND audit program.

Mr. Keith Yamanaka, CSAC Chief Deputy Director, expressed concern that although the Commission has separated the function, there is still a risk of criticism from BSA if the Commission puts itself in the same position again by having the EDFUND auditor as the staff reporting to the Audit Committee.

Commissioner Johnston stated that then-Chair, James Fousekis and Vice Chair Louise McClain voiced their concerns regarding the broadened scope of responsibilities of CSAC duty statement. In addition, Mr. Fousekis requested that the Audit Committee review and report on the appropriateness of the duties and responsibilities assigned. Commissioner Johnston stated that the duty statement and justification for this position was not reviewed by the CSAC Audit Committee prior to submission to DPA and provided the parts of the duty statement that concern the members of the Committee (Page 17 of the Powerpoint) – specific areas are duties related to the oversight of EDFUND.

Executive Director Michel made a point of clarification by stating that discussions did occur with then-Chair, James Fousekis, who directed CSAC staff to proceed with the hiring of the CSAC Internal Auditor. In addition, Executive Director Michel explained that the duty statement approved by DPA did not broaden any duties regarding the Chief Internal Auditor's loan program responsibilities, and any changes made by the Commission would have to go back to DPA for their approval. Ms. Janet McDuffie, Chief, CSAC Management Services Division, clarified that the "broadened" scope of duties related to the movement of the Program Compliance Unit to the new CSAC Chief Audit Executive. Mr. Yamanaka pointed out that the Commission cannot take DPA's approval of the job description as any indication that it is consistent with the BSA audit because the two agencies have different responsibilities.

President Kipp reminded the Commission to take into account the circumstances around this matter, such as the proposal to extend the Department of Finance contract for internal audit support, as well as the proposed sale of EDFUND. He added that if the Commission is going to try to fill the position based on an oversight role of audits, or the Commission's role as designated guarantor of its auxiliary, then the whole structure under debate falls apart completely once the designation is transferred or a sale occurs. Commissioner Charton disagreed and indicated that, although the Commissioners have a host of considerations to keep at the forefront of their minds, the reality is that the sale of EDFUND has not moved forward and the Commission must make its decisions based on how the organization currently exists.

President Kipp responded that he recognizes the Commission needs to deal with the interim and pointed out that oversight is a Commission responsibility, but the matter of internal audits is a different issue. The Audit Committee, acting on behalf of the Commission through two internal audit groups, can handle those responsibilities without layering an oversight responsibility on a Chief Internal Auditor who is also responsible for auditing FPPD and its performance.

The Audit Committee, after consultation with Chair McClain, recommended the Commission change the duty statement to include only internal audit functions without oversight responsibilities of EDFUND. Concerns cited were the conflict of interest issues, minimum qualification issues of the new position and the Commission's work on the policy manual, which at that time had not been revised, nor the determination of the Federal Policy and Programs Division's oversight plan. Executive Director Michel explained that in her role as the Executive Director of the California Student Aid Commission, she also acts as the Chief Executive Officer of the guaranty agency, and not having a Chief Internal Auditor that oversees all audits becomes problematic. The Chief Internal Auditor should report directly to her position and provide regular status reports on all on-going issues. In addition, per BSA, there should be a "State" official that coordinates all CSAC audits, who has the overall responsibility of all audits.

Commissioner Johnston disagreed and stated that the members of the CSAC Audit Committee are those "State" officials, and that position should report directly to the members of the Committee.

Mr. Yamanaka advised the Commission that they are responsible for the audit of all Commission responsibilities. The loan program is a responsibility of the Commission in the same way the grant program is a responsibility of the Commission. The Commission, not EDFUND, is the State guaranty agency for California.

Commissioners Johnston and Friedlander (Ad Hoc Committee), after consultation with Chair McClain and The Results Group, had originally recommended hiring outside unbiased consultants to review and make recommendations. However, CSAC staff advised the Committee that based on the State Contracting Manual, a contract for such a review would not be approved. The reason cited was that the Commission currently had all the facts and simply needed to make a decision. Ms. Janet McDuffie, Chief, CSAC Management Services Division, provided clarification that there are specific thresholds that must met in order to enter into such a contract, which in her opinion as CSAC's Procurement Officer, CSAC could not meet.

Upon conclusion of Commissioner Johnston's presentation and after lengthy discussion between the Commission and staff, the Commission agreed that the decision needed today is to approve CSAC staff to begin the process to hire the internal auditor position. They also agreed that the duty statement should be revisited and modified accordingly.

Therefore, on **MOTION** by Commissioner Perez, **SECONDED** and **CARRIED**, the Commission approved CSAC staff to begin the process to hire the internal auditor, and agreed to address the issues of concern in the duty statement of the position, specifically in the areas of the "oversight" of EDFUND.

After consulting with Chair McClain, Ms. Glenda Smith, CSAC Personnel Manager, offered some changes to the Senior Management Auditor duty statement.

Ms. McDuffie indicated that the revisions retain the essence of Commission staff's position and she is comfortable with them as long as the Chief Internal Auditor has the responsibility for the loan program and, in connection with that, has to work with EDFUND in order to carry out those responsibilities.

Ms. Diane Manning, Vice President, EDFUND Audit Services, expressed concern that the responsibility included in the duty statement that requires the Senior Management Auditor to examine the administrative and accounting controls in compliance with laws and rules is performing an audit.

Ms. Leanna Sinibaldi, Associate Management Auditor, Federal Policy & Programs Division, informed the Commission that recent changes to statute require the CSAC Executive Director to sign a certification that verifies the adequacy of internal controls for the Commission's programs. Based on that, the Executive Director would be relying on the Chief Audit Executive of the Commission to inform her whether those verifications are accurate. As part of the certification, the Chief Audit Executive (Chief Internal Auditor) could rely on a variety of audits, including some of EDFUND's internal audit reports.

Commissioner Perez advised the Commission that the specific duties noted on page 17 of the Audit Committee's Powerpoint presentation were only a portion of the duty statement.

Commissioner Furay indicated that she hoped Ms. Smith would continue to wordsmith the remainder of the duty statement as needed.

After their review and modifications to the draft duty statement for the CSAC Senior Management Auditor (Chief Internal Auditor), on **MOTION** by Commissioner Galligani, **SECONDED** and **CARRIED**, the Commission approved the duty statement with the following revisions:

- “The Chief Audit Executive...provides ~~oversight~~ **coordination and consultation with EDFUND** of the audit program of the Commission’s auxiliary corporation, EDFUND.”
- “...~~examines~~ **ensures** administrative and accounting controls and Commission/EDFUND compliance with laws, rules, policies and procedures...”
- “Coordinates and ~~manages~~ **consults with EDFUND on** the audit processes, and response to findings on audits or reviews conducted by external audit agencies, e.g. BSA, OIG, USED, OSAE; including, but not limited to...”

TAB 7 – CONSIDERATION OF A NEW OR REVISED COMMISSION COMMITTEE STRUCTURE, INCLUDING THE FUNCTION AND RESPONSIBILITIES OF EACH COMMITTEE

Commissioner Galligani reported as part of the development of the CSAC policies, that the Ad Hoc Committee discussed reorganizing the structure of the Commission’s Standing Committees to align the Committee’s work with the policy direction that is being created with the new policies. Currently, the Commission’s Standing Committees are:

- Executive Committee – Consists of the Chair, Vice-Chair, Secretary and Treasurer. The Executive Committee is empowered to act for the Commission when it is not possible to convene the Commission between regular meetings.
- Grants and Programs Committee – The Grants and Programs Committee presides over grant matters, including award policies, grant operations and grant program development, as well as specialized programs of the Commission.
- Fiscal Policy and Long-Range Planning Committee – The Fiscal Policy and Long-Range Planning Committee is responsible for the Commission’s long-range strategic planning efforts and new program development and reviews the fiscal implications of plans proposed by other committees. In addition, the Committee is responsible for the financial planning and oversight of EDFUND.
- Governmental Relations Committee – The Governmental Relations Committee is responsible for ensuring that the Commission maintains effective channels of communication and understanding with the state and federal governments.
- Audit Committee – The Audit Committee ensures that the Commission maintains the proper monitoring and oversight of all audits and/or program reviews conducted on the California Student Aid Commission.
- Personnel, Evaluation and Nominations Committee – The Personnel, Evaluation and Nominations Committee is responsible for conducting regular evaluations of the

Executive Director, reviews Committee appointment packages and recommends appointments to the Commission's advisory bodies and the EDFUND Board.

- Outreach Committee – The Outreach Committee ensures awareness of educational opportunity and financial aid assistance among Californians in coordination with other entities, and is responsible for general oversight of the Commission's outreach activities and programs, evaluation of outreach programs, development and implementation of strategic plans for outreach, and the establishment of outreach policies.
- Ad Hoc Committee – The Commission may appoint ad hoc committees as deemed necessary.

The Ad Hoc Committee recommended that the Commission restructure the Standing Committees to only four committees. The Commission discussed the draft proposal and made several modifications.

Executive Director Michel commented that the Commission should consider expressing that the membership of the proposed "Governance Committee" consist of Gubernatorial, Senate and Assembly representatives (as in the current Governmental Relations Committee membership) so that all points of view are brought to bear. In addition, Commissioner Charton commented that the Governance Committee's description should be strongly worded to reflect that the Committee is responsible for review of legislation, the development of Commission-sponsored legislation and the development of the Commission's official positions on legislation (also as indicated in the Governmental Relations Committee description).

Commissioner Perez suggested removing the "Monitoring" function, with regard to the oversight of EDFUND, from the proposed "Planning, Budgeting and Monitoring (PBM) Committee." Chair McClain suggested, and there was consensus, to move the "Monitoring" function to the proposed "Governance Committee." Commissioner Galligani noted that the "Monitoring" function, or oversight of EDFUND, would be discussed at the Commission's September meeting.

There was a consensus of the Commission that the Chair of the Commission will act as a non-voting ex-officio member of each Committee, unless there is a need to fill a quorum. If this should occur, the Chair of the Commission would then act as a voting member.

Commissioner Furay indicated that the new structure should include a Commissioner Liaison to the Grant Advisory Committee as an official job, and that person should not necessarily serve on two other committees. Commissioner Galligani noted that the Commissioner Liaisons to the advisory bodies were not addressed in the revised standing committee structure. He indicated that it would be appropriate for the Executive Director to designate a CSAC Staff Liaison and the EDFUND President to designate an EDFUND Staff Liaison to work with the committees.

On **MOTION** by Commissioner Galligani, **SECONDED** and **CARRIED** the Commission accepted the following new committee structure, with the recommended amendments:

- Audit Committee – Will continue the same function with a membership of five (5) Commissioners.
- Personnel, Evaluation, and Nominations (PEN) Committee – The PEN Committee conducts regular evaluations of the Executive Director, nominates the annual slate of officers for the Commission and recommends appointments to the Commission's advisory bodies and EDFUND Board. The PEN Committee would also develop and oversee the orientation process of new members of the Commission and exercise general oversight of the administrative concerns of the Commission and its staff. The PEN Committee membership would be composed of a membership of five (5) Commissioners.
- Governance and Monitoring (GM) Committee - The GM Committee would be responsible for annually assessing the overall functioning of the Commission as a body and its agreed-upon policies. It would regularly make recommendations to enhance the effectiveness of the Commission and its policies. The GM Committee would also be charged with ensuring appropriate involvement of Commission members with key elected and appointed officials, which would necessitate ensuring effective channels of communication and understanding with the state and federal governments. The Committee is also responsible for the of review legislation, the development of Commission-sponsored legislation and the development of the Commission's official position on legislation. In addition, the GM Committee is responsible for the financial planning and oversight of EDFUND. The GM Committee would consist of five (5) Commissioners.
- Planning and Budgeting (PB) Committee – The PB Committee would review the long-and short-term planning documents of the grant and loan programs, including outreach, and the Commission's budgets to implement these plans. It would monitor the extent to which these plans and budgets are in consonance with the Commission's policies. The PB Committee would ensure the fiscal implications of plans proposed by other committees, and review the specifics of the Commission's Budget Change Proposals, and recommend Commission initiatives as appropriate. The PB Committee would also oversee the development of the Commission's Strategic Plan on an annual basis. The PB Committee would consist of seven (7) Commissioners. A member of this Committee should act as the Commissioner Liaison to the Grant Advisory Committee.

Commissioner Furay requested that the revised committee descriptions be reviewed at the Commission's September meeting. The Commission discussed the need for a Treasurer as an officer of the Commission. On **MOTION** by Commissioner Perez, **SECONDED** and **CARRIED**, the Commission approved the elimination of the Treasurer position.

Chair McClain stated that the Commission Liaison, Gloria Lopez will distribute a Committee Preference form and asked that each member complete it and return it to Ms. Lopez as soon as possible.

TAB 4 – CONSIDERATION OF RATIFICATION OF AN AMENDMENT TO THE DEPARTMENT OF FINANCE CONTRACT TO INCREASE AMOUNT BY \$100,000 TO A TOTAL OF \$309,000, AND TO EXTEND THE TERM OF THE CONTRACT TO DECEMBER 31, 2007, FOR INTERNAL AUDIT OF NEW APPLICANT ELIGIBILITY IN THE CAL GRANT PROGRAM

Ms. Janet McDuffie, Chief, CSAC Management Services Division reported that in October 2006, CSAC entered into a contract with the Department of Finance (DOF) to develop an audit program to audit controls over, and compliance with statutory requirements for new applicant eligibility in the Cal Grant program. The original contract was for \$100,000 for a term ending June 30, 2007. Upon completion of the audit program DOF determined that the audit of the Entitlement Cal Grant Program would require an additional \$109,000 to complete. At the April meeting, the Commission approved staff's request to ratify a contract amendment to increase the contract amount by \$109,000, for a total of \$209,000, and to also extend the contract term to August 31, 2007.

As of April 2007, DOF expended a total of \$191,078 of the amended contract amount of \$209,000. Staff determined that DOF should also do the audit of the Competitive Program, since the process for hiring a Chief Internal Auditor will take some time to complete. DOF estimates that an additional \$100,000 will be needed to complete the audit of the Competitive Program and estimates that most of the work will be completed by the end of September 2007. Additional time will be needed to complete the written audit report.

On **MOTION** by Commissioner Furay, **SECONDED**, and **CARRIED**, the Commission ratified the Department of Finance contract amendment for \$100,000 for a total contract amount of \$309,000, and extended the term through December 31, 2007.

TAB 5 – CONSIDERATION OF PRELIMINARY BUDGET CHANGE PROPOSALS FOR 2008-09

Ms. Janet McDuffie, Chief, CSAC Management Services Division/Interim Chief, Federal Policy & Programs Division, reported that the Commission has not submitted Cal Grant policy Budget Change Proposals (BCPs) since 2002-03, due to the Administration's policy to require either proposals to reduce General Fund appropriations by a commensurate amount of any proposed augmentation, or to obtain the Department of Finance's agreement to submit General Fund budget augmentation requests. She added that there were no budget reductions for the Cal Grant programs in 2004-05 or 2005-06 because the State appropriated funds from the Student Loan Operating Fund. The Administration's policy may continue to require that, when submitting BCPs, State agencies must propose a way to offset service reductions or propose another means to finance any BCPs intended to expand services or service areas, or implement new initiatives. She continued by requesting direction from the Commission on whether staff should move forward with the development of the BCPs, including working with the Grant Advisory Committee (GAC) to structure and prioritize them, and bring them back to the Commission at its September meeting to determine whether the Commission will actually submit them.

Mr. Steve Caldwell, Chief, CSAC Governmental and Public Affairs Division, explained the basis for the following Cal Grant Policy BCP proposals:

- Increase the number of Cal Grant Competitive awards
- Increase the amount of the Cal Grant B access grant
- Provide tuition and fees for all first-year Cal Grant B students
- Increase the maximum award for Cal Grant recipients at non-public institutions
- Increase the number and value amount of Cal Grant awards

Executive Director Michel added that in the past, the members of GAC provided advice on the priority and percentage increases for all Cal Grant BCPs. If the Commission directs staff to fully develop these BCPs, a GAC meeting will be scheduled to allow for their input. Commissioner Friedlander asked that the GAC have an opportunity to review the draft BCPs, and provide their recommendations to staff prior to the Commission taking any action.

Ms. Catalina Mistler, Chief, CSAC Program Administration and Services Division advised the Commission that a GAC Workshop has been scheduled for August 16th. At this meeting, the GAC will have an opportunity to review and make recommendations regarding the BCPs. Once they receive GAC's input, staff will finalize the BCPs and prepare to bring them back to the Commission for their approval at their September Commission meeting. The BCPs are due to the Department of Finance a week after the Commission meeting.

TAB 9 – CONSIDERATION OF GOVERNOR’S MAY REVISION PROPOSAL TO SELL EDFUND, AND THE SUBSEQUENT DETANGLING OF CSAC FROM EDFUND

Discussion on this item was postponed to a later date.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 12:51 p.m.

MICHELE DYKE
SECRETARY