

**Information Item**

***California Student Aid Commission***

Executive Director's Report

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Enclosed for review is a written report from the Executive Director of the California Student Aid Commission, which includes:

- a. California Student Opportunity and Access Program (Cal-SOAP) Project Directors' Report (Information)

***Recommended Action:*** For information only. No action required.

***Responsible Person(s):*** Diana Fuentes-Michel  
Executive Director



## **Executive Director's Report November 2010**

Dear Commissioners,

The events surrounding the ultimate transfer of the Commission's guaranty agency responsibilities to ECMC consumed much of the Commission staff's attention, in addition to the on-going Cal Grant and specialized program operations, for a short, extremely concentrated period of time. Now that the transfer is officially effective and the Commission's appeal has been withdrawn, the attention shifts to implementing the United States Department of Education's (Department) terms for the transfer of the guaranty responsibilities; especially, the Cal Grant support services to be provided by ECMC in place of EdFund.

### Transition

To date, the Commission staff has developed a good working relationship with ECMC management. We are working together closely, with monitoring by the Department, to ensure that the delivery of Cal Grants is not affected by the assumption by ECMC of support services previously provided by EdFund.

### Election

The party affiliation in the state Senate remains unchanged, with 25 Democrats and 15 Republicans. Two special elections are expected, however, to replace Senator George Runner, who won election to the Board of Equalization, and to replace the late Senator Jenny Oropeza. The party affiliation in the Assembly is 52 Democrats and 28 Republicans.

Commission staff will be seeking to ensure that the new Governor's Administration and the Legislature are aware that maintaining access and choice to higher education for low- and middle-income students is essential for the long-term economic health of California. This is critical because the State is expected to be challenged again by the severe reduction in revenues, resulting in on-going shortfalls in the billions of dollars. The voters authorized the adoption of a state budget by a majority vote of both houses of the Legislature, but increases in taxes and fees require a two-thirds vote.

In Congress, the Democrats retained a majority in the U.S. Senate, 53-47, with one race undecided. This represents a loss of 6 Democratic seats. The House saw the majority party shift after a net gain of 60 Republican seats, with nine House races remaining unresolved at the time of the preparation of these materials. Republicans will hold at least 239 House seats,

to the Democrats' 188. The effect of these results on the plans of the United States Department of Education for the winding down of the FFEL Program remain to be seen.

Program Integrity Issues Negotiated Rulemaking

On October 29, 2010, the Department published final regulations improving integrity in the federal financial aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. The Program Integrity rules encompass 14 areas of improvement required by the Higher Education Opportunity Act of 2008 or identified for revision by the Secretary of Education.

1. Definition of High School Diploma
2. Ability to Benefit
3. Misrepresentation of Information to Students and Prospective Students
4. Incentive Compensation
5. State Authorization as a Component of Institutional Eligibility
6. Definition of a Credit Hour
7. Agreements Between Institutions of Higher Education
8. Verification of Information Included on Student Aid Applications
9. Satisfactory Academic Progress
10. Retaking Coursework
11. Return of Title IV Funds: Term-based Programs with Modules or Compressed Courses
12. Return of Title IV Funds: Taking Attendance
13. Disbursements of Title IV Funds
14. Gainful Employment in a Recognized Occupation

However, the rule most likely to affect Commission program participation - Gainful Employment - was not published in its entirety. Due to the massive volume of public comments on this issue, the Department will delay finalization of the most controversial elements of Gainful Employment until early 2011. Commission staff will prepare an analysis of the Gainful Employment rule after it is published and present it to the Commission at a future meeting.

**STATUS OF ACTIVITIES RESULTING FROM ACTIONS TAKEN BY THE COMMISSION**

Below is a summary of the actions taken by the Commission at its September 2, 2010 and September 22, 2010 meetings.

	<b>ACTIONS TAKEN BY THE COMMISSION</b>	<b>STATUS UPDATE</b>
<b>1</b>	<p><b>2011-12 Budget Change Proposal Concepts</b></p> <p>At its September 2, 2010 meeting, the Commission authorized Commission staff to submit to the Department of Finance the proposed 2011-12 Budget Change Proposals to obtain resources for an electronic imaging system and to conduct the Student Expenses and Resources Survey (SEARS).</p>	<p>The Commission has submitted a Budget Change Proposal (BCP) for the imaging system. A SEARS BCP was not submitted as it was deemed unnecessary.</p>

	<b>ACTIONS TAKEN BY THE COMMISSION</b>	<b>STATUS UPDATE</b>
<b>2</b>	<p><b>2010-11 California Student Opportunity and Access Program (Cal-SOAP) Contracts</b></p> <p>On September 2, the Commission authorized the Executive Director to:</p> <ol style="list-style-type: none"> <li>1) Execute contracts totaling \$7,348,962 with the Cal-SOAP consortia for the 2010-11 award year at the allocation levels recommended by the Cal-SOAP Project Directors and Commission staff, and</li> <li>2) Reallocate funds as equitably as possible if a project cannot utilize its allocation.</li> </ol>	<p>Contracts are being reviewed by legal counsel and will be executed and forwarded to Cal-SOAP consortia by the end of November 2010.</p>
<b>3</b>	<p><b>U.S. Department of Education’s (Department’s) Termination of the State’s Student Loan Guarantee Program Agreement</b></p> <p>On September 22, 2010, the Commission decided to appeal the Department’s termination of the State’s student loan guarantee program agreement in order to protect the interests of the students of California.</p>	<p>The Commission submitted its letter of appeal to the U.S. Secretary of Education on September 23, 2010. On October 28, 2010, during negotiations with the Department and ECMC, the successor guaranty agency, the Commission withdrew its appeal in favor of an arrangement that would ensure continued benefits to the students of California.</p>
<b>4</b>	<p><b>Commission Meeting Minutes</b></p> <p>On September 2, the Commission approved the minutes of the May 19 and June 24, 2010 Commission meetings, as presented.</p>	<p>The approved meeting minutes will be submitted to the Commission Secretary for signature.</p>
<b>5</b>	<p><b>Commission Meeting Calendar</b></p> <p>The Commission approved the 2011 meeting calendar at its September 2, 2010 meeting.</p>	

Lastly, I have included the California Student Opportunity & Access Program (Cal-SOAP) Project Directors’ Report.

Should you have any questions regarding this report, please contact me directly.

Sincerely,

Diana Fuentes-Michel  
 Executive Director  
 California Student Aid Commission  
 (1975-1979 Cal Grant B Recipient)

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**California Student Opportunity and Access Program (Cal-SOAP)  
Project Directors' Report**

**November 2010**

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*Mr. Ken Songco, Project Director for the San Francisco Cal-SOAP Consortium, submitted the following report on behalf of all sixteen Cal-SOAP Consortia:*

The project directors are currently working on their 2009-10 year-end report packets that are to be submitted to the California Student Aid Commission (CSAC) by November 30, 2010. This year, projects have been asked to also include an expenditure narrative to provide further clarification on program budgets and to help facilitate the review process. All items of the year-end report packet will be submitted with the exception of the "College Going Rate Report" and "College Going Rate Reports with County Comparisons." Both reports are contingent upon the most recent California Postsecondary Education Commission (CPEC) college enrollment data (Fall 2009) which has yet to be released. When the data becomes available, CSAC will set a new deadline for projects to submit their reports.

Project directors were recently informed by CSAC that contract language in the 2010-11 contract agreements will be changed. This will include revisions on information technology security language and procedural items. CSAC will immediately send the contracts to all projects and their fiscal agents once the changes have been made.