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Action Item

California Student Aid Commission

Consent Calendar

Recommended Action: Approve the consent agenda, including:

- a. Minutes of August 18, 2009 and September 3, 2009 (Action)
- b. Consideration of revisions to the 2009-10 California Student Opportunity and Access Program (Cal-SOAP) Contracts (Action)
- c. Commission meeting calendar for 2010 (Action)

**CALIFORNIA STUDENT AID COMMISSION
TELECONFERENCE MEETING MINUTES
August 18, 2009**

A teleconference meeting of the California Student Aid Commission was held on Tuesday, August 18, 2009 at the Headquarters Executive Conference Room, 10834 International Drive, Rancho Cordova, California and the various locations listed on the teleconference meeting notice dated August 6, 2009.

Chair Barry Keene called the meeting to order at 10:07 a.m.

The following Commission Members were present:

Barry Keene, Chair
Lorena Hernandez, Vice Chair
Yasmin Delahoussaye, Secretary
Lynne de Bie
Patricia Fong Kushida
Enrique Murillo
Israel Rodriguez
Antonio Solórzano, Jr.

The following Commission Member was absent:

Bonaparte Liu

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Chair Keene called for public comment and, hearing none, proceeded to the next agenda item.

AGENDA ITEM 1 – REPORT ON THE 2009-10 STATE BUDGET AND DISCUSSION OF THE GOVERNOR’S LINE ITEM VETOES ON THE CALIFORNIA STUDENT AID COMMISSION’S PROGRAMS AND OPERATIONS (Information/Action)

Ms. Janet McDuffie, Chief of the Administration & External Affairs Division, provided an overview of the major changes to the 2009-10 Commission budget.

Ms. Catalina Mistler, Chief of the Program Administration & Services Division, provided a brief update on the volume of calls and transactions experienced by the Call Center.

Ms. Lori Nezhura, Legislative Liaison, provided additional information about the legislation for the National Guard Education Assistance Award.

There was some discussion regarding the lawsuit filed by Senate Pro Tempore Darrell Steinberg against Governor Arnold Schwarzenegger for possibly violating the laws pertaining to single subject and the separation of powers. At the time of the Commission meeting, the Commission was informed that currently there is no legislative bill to decentralize the Commission's financial aid programs.

CLOSED SESSION

Chair Keene announced that the California Student Aid Commission will meet in CLOSED SESSION to discuss and may take action on personnel matters pursuant to California Government Code Section 11126(a)(1). Pursuant to California Education Code, Section 69525(g)(3), the Commission will also meet in CLOSED SESSION to discuss and may take action on business matters of a proprietary nature. Topics will include:

AGENDA ITEM 2 – PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Information)

- Title: Executive Director (Exempt Appointment)
- Chief Deputy Director, Career Executive Assignment II
- Chief, Federal Policy & Programs Division, Career Executive Assignment I
- Chief, Program Administration & Services Division, Career Executive Assignment I
- Chief, Information Technology Division, Career Executive Assignment I
- Chief, Administration & External Affairs Division, Career Executive Assignment I

Thereupon, the Commission resolved into CLOSED SESSION at 11:07 a.m.

RECONVENE IN OPEN SESSION

Chair Keene reconvened the OPEN SESSION at 11:53 a.m. and reported that there were no reportable actions taken in CLOSED SESSION.

Some discussion ensued regarding the media press conference that occurred on August 14, 2009. Some members of the Commission asked to be informed in advance of such media conferences. An Ad Hoc Committee was established consisting of Commissioners Lorena Hernandez and Patricia Fong Kushida to develop talking points for the Commissioners' personal use when addressing the effects of the Governor's line item vetoes.

The Commissioners agreed to hold a meeting of the Full Commission on August 28, 2009 to discuss media strategy. If the full Commission is unable to meet, then a meeting of the Programs, Planning and Budget Committee will be held instead.

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

YASMIN DELAHOSSAYE
SECRETARY

**CALIFORNIA STUDENT AID COMMISSION
MEETING MINUTES
September 3, 2009**

A meeting of the California Student Aid Commission was held on Thursday, September 3, 2009 at the UC Center Sacramento, 1130 K Street, Suite LL3, Sacramento, California.

Chair Barry Keene called the meeting to order at 9:13 a.m.

The following Commission Members were present:

Barry Keene, Chair
Lorena Hernandez, Vice Chair
Yasmin Delahoussaye, Secretary
Lynne de Bie
Patricia Fong Kushida
Enrique Murillo
Israel Rodriguez
Antonio Solórzano, Jr.

The following Commission Member was absent:

Bonaparte Liu

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Chair Keene called for public comment and, hearing none, proceeded to the next agenda item.

AGENDA ITEM 1 - CONSENT CALENDAR (Action)

On **MOTION** by Commissioner Solórzano, **SECONDED** and **CARRIED**, the Commission **APPROVED** the Consent Calendar, which included the following item:

- a. Minutes of June 30 – July 1, 2009

**AGENDA ITEM 2 – CONSIDERATION OF ACTIONS ADDRESSING THE COMMISSION’S
2009-10 BUDGET APPROPRIATION (Action)**

Ms. Janet McDuffie, Chief of Administration & External Affairs, presented a high-level document describing the effects of the Governor’s veto reducing the Commission’s support budget by half. Programs, Planning & Budget (PPB) Committee Chair Lorena Hernandez reported that the PPB Committee met on August 28, 2009 to discuss the document before presenting it to the Commission. The Committee continues to work with staff to make sure they stay on target with the messaging and will keep the Commissioners informed of the results of the discussions.

AGENDA ITEM 3 – AUTHORIZATION TO SUBMIT BUDGET CHANGE PROPOSALS FOR THE 2010 FISCAL YEAR STATE BUDGET (Action)

Ms. McDuffie presented the Governor's 2010-11 Budget Policy, which provides directives for submitting budget change proposals (BCPs) from the General Fund or other special funds. She reviewed various options for funding the Cal-SOAP and Cash for College programs, including the Federal College Access Challenge Grant, the Student Loan Operating Fund, and the General Fund.

Executive Director Diana Fuentes-Michel reported that Commission staff will need to consult with the Cal-SOAP Project Directors regarding the \$400,000 reduction in federal funding and present the recommendations to the Commission at its next meeting.

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission authorized staff to submit to the Department of Finance the 2010-11 BCPs for the Cal-SOAP and Cash for College programs.

AGENDA ITEM 4 – PERSONNEL, EVALUATION AND NOMINATIONS (PEN) COMMITTEE REPORT

Personnel, Evaluation and Nominations (PEN) Committee Chair Yasmin Delahoussaye reported that the Committee met on August 28, 2009 to consider the reappointment of two advisory committee members.

Item 4.a – Appointments to Advisory Committees (Action)

On **MOTION** by the Committee, **SECONDED** and **CARRIED**, the Commission APPROVED the following re-appointments:

Grant Advisory Committee

- Susan Gutierrez as the California State University Campus Representative for the term November 18, 2009 to November 18, 2011; and
- Catherine Graham as the Independent California Colleges and Universities Campus Representative for the term November 29, 2009 to November 29, 2011.

AGENDA ITEM 5 - EXECUTIVE DIRECTOR'S REPORT (Information) INCLUDING

Item 5.a – EdFund Report (Information)

Item 5.b – Grant Advisory Committee Report (Information)

Executive Director Michel presented her written report, noting that the Commission would receive an update on the Federal Family Education Loan Program in closed session.

CLOSED SESSION

Chair Keene announced that the California Student Aid Commission will meet in CLOSED SESSION to discuss and may take action on personnel matters pursuant to California

Government Code Section 11126(a)(1). Pursuant to California Education Code, Section 69525(g)(3), the Commission will also meet in CLOSED SESSION to discuss and may take action on business matters of a proprietary nature. Topics will include:

AGENDA ITEM 6 – PERSONNEL ITEM

Item 6.a – Evaluation of the Executive Director’s Performance (Action)

AGENDA ITEM 7 – LOAN PROGRAM ITEMS

Item 7.a – Sale of Student Loan Guarantee Program Assets (Information/Action)

Item 7.b – 2009-10 Annual Loan Program Business Plan and Budget (Information/Action)

Thereupon, the Commission resolved into CLOSED SESSION at 9:33 a.m.

RECONVENE IN OPEN SESSION

Chair Keene reconvened the OPEN SESSION at 2:56 p.m. and reported that the Commission took the following action during CLOSED SESSION, and the Commission also acted in open session as follows:

On **MOTION** by Commissioner Hernandez, **SECONDED** and **CARRIED**, the Commission **APPROVED** the following:

Due to the economic crisis and consistent with the Governor’s direction and veto to reduce the expenditure of State funds, and more importantly to protect the safety net of financial aid to students, the California Student Aid Commission approves a three-month reduced budget for EdFund for the period of October 1, 2009 through December 31, 2009.

By reducing the EdFund expenses without reducing revenue, consistent with the Governor’s direction, the state realizes an annualized savings of \$10 million that can be allocated to prevent disruption in the administration of Cal Grants and other financial aid programs to students. The \$10 million annualized reduction in EdFund expenses includes but is not limited to:

- Savings equal to 3-day furloughs per employee consistent with State practice.
- The elimination of incentive compensation as identified in the Commission action of July 1, 2009.
- Reduction in non-critical expenditures in the areas of procurement and undefined contingency expenditures.

Because President Obama’s reforms for the student loan programs are under consideration by Congress, and final legislation may be approved in mid-October 2009, the Commission considers it prudent to approve a full-year budget and business plan at its November 2009 meeting.

EdFund staff is directed to submit a detailed 2009-10 loan program business plan and budget to Commission staff by November 1, 2009, based on federal student loan legislation. The Commission staff shall present a recommendation for a full-year 2009-10 loan program business plan and budget at the Commission’s November Commission meeting.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 3:02 p.m.

YASMIN DELAHOSSAYE
SECRETARY

Consideration of Revisions to the 2009-10 California Student Opportunity and Access Program (Cal-SOAP) Contracts

The California Student Opportunity and Access Program (Cal-SOAP) and the Cash for College (CFC) Program are currently funded from the Federal College Access Challenge Grant (Challenge Grant). Staff expected to receive the same level of funding in 2009-10 as that received in 2008-09: \$330,000 for CFC and \$7,349,000 for Cal-SOAP.

At its June 30, 2009 meeting, the Commission authorized the Executive Director to execute contracts totaling \$7,349,000 with the Cal-SOAP consortia for the 2009-10 award year at the allocation levels recommended by the Cal-SOAP Project Directors and Commission staff, and if necessary, to reallocate the Career Technical Education funding as equitably as possible to the participating consortium.

In August 2009, staff received the Year 2 Challenge Grant award letter for the period August 14, 2009 through August 13, 2010. The Year 2 award amount was \$7,269,886, a \$408,982.00 (5.3%) reduction in funding from 2008-09. The only explanation received for the adjustment was that Year 2 allocations were based on recent data on the number of students and families who are living below the poverty line (the basis for funding allocations for the Challenge Grant).

At the September 3, 2009 Commission meeting, staff notified the Commission of the 2009-10 Challenge Grant funding reduction and indicated a recommendation regarding the implementation of the funding reduction would be presented at the Commission's November 19, 2009 meeting.

During discussions regarding the funding reduction with the Cal-SOAP Project Directors, staff noted the following:

1. That the CFC Program is the Commission's primary statewide outreach program directly assisting students and parents with completing the Free Federal Application for Student Aid (FAFSA).
2. The CFC Program is operating with half the funding previously available when Student Loan Operating Funds were used to fund the program.
3. Prorating the funding reduction to both the Cal-SOAP and CFC programs would impose a great hardship to the CFC program.
4. \$1 million of the Cal-SOAP appropriation is designated for Career Technical Education (CTE) activities per the State budget.
5. Therefore, Commission staff recommended that the Challenge Grant funding reduction be applied only to Cal-SOAP baseline allocation.

After these discussions, the Cal-SOAP Project Directors recommend and Commission staff concurs that the \$408,982 budget reduction be distributed equally among all projects. This represents a reduction of \$25,561 per project as shown on the chart below.

2009-10 Cal-SOAP Allocations

	Baseline Approved 6-30-09	Funding Reduction	Revised Baseline	CTE Phase I	CTE Phase II	Revised Total Allocation
Central Coast	300,000	(25,561)	274,439	-	52,344	326,783
Central Valley	300,000	(25,561)	274,439	-	52,344	326,783
East Bay & Solano	784,494	(51,128)	733,366	125,000	142,184	1,000,550
Greater Long Beach	300,000	(25,561)	274,439	-	52,344	326,783
Los Angeles	604,550	(25,561)	578,989	-	52,344	631,333
Merced	300,000	(25,561)	274,439	-	52,344	326,783
North Valley	320,414	(25,561)	294,853	-	52,344	347,197
North Coast	361,845	(25,561)	336,284	-	52,344	388,628
Sacramento	328,104	(25,561)	302,543	-	52,344	354,887
San Diego/Imperial Counties	908,009	(25,561)	882,448	-	52,344	934,792
San Francisco	300,000	(25,561)	274,439	-	52,344	326,783
San Jose	444,988	(25,561)	419,427	-	52,344	471,771
Santa Barbara	461,573	(25,561)	436,012	-	52,344	488,356
South County Gilroy	335,023	(25,561)	309,462	-	52,344	361,806
South San Joaquin	300,000	(25,561)	274,439	-	52,344	326,783
Total	\$6,349,000	\$(408,982)	\$5,940,018	\$125,000	\$875,000	\$6,940,018

Recommended Action: Authorize the Executive Director to execute contracts totaling \$6,940,018 with the Cal SOAP consortia for the 2009-10 award year at the reduced allocation levels recommended by the Cal-SOAP Project Directors and Commission staff.

Responsible Person(s): Janet McDuffie, Chief
Administration and External Affairs Division

California Student Aid Commission's 2010 Calendar of Meetings

Month	Date	Meeting Type
January		
February	25-26	Commission Meeting
March		
April	15-16	Commission Meeting
May		
June	24-25	Commission Meeting & Workshop
July		
August		
September	2-3	Commission Meeting
October		
November	18-19	Commission Meeting
December		