

**Action/Information Item**

***California Student Aid Commission***

Approval of September 6-7, 2007 and September 25, 2007 Minutes

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

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**CALIFORNIA STUDENT AID COMMISSION  
COMMISSION MEETING  
MINUTES  
SEPTEMBER 6-7, 2007**

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A meeting of the California Student Aid Commission was held on Thursday, September 6, 2007, at 3300 Zinfandel Drive, Board Room in Rancho Cordova, CA.

Chair Louise McClain called the meeting to order at 8:39 a.m.

The following Commission Members were present:

Louise McClain, Chair  
Yasmin Delahoussaye  
Michele Dyke  
Daniel Friedlander  
Sally Furay  
Dennis Galligani  
Lorena Hernandez (departed at 3:00 p.m.)  
Dean Johnston  
Alice Perez (departed at 2:20 p.m.)  
Antonio Solórzano, Jr.

Roll Call was taken and a quorum was recognized.

*Chair McClain deferred her Chair Report until after Tabs 2 and 3.*

**TAB 1 – EXECUTIVE DIRECTOR’S REPORT**

Executive Director Diana Fuentes-Michel provided a written report. Ms. Michel expressed her appreciation to CSAC staff for their work in putting together the Commission agenda.

She also reported that the Administration has placed any further discussion on the Department of Mental Health’s loan assumption program on hold pending budget considerations in the fall. Staff will wait for further direction from the Administration on how they would like to proceed as it relates to the loan forgiveness program.

**TAB 2 – EDFUND PRESIDENT’S REPORT**

Dr. Sam Kipp, EDFUND President provided the following report:

- EDFUND’s heaviest loan volume occurs between July 1<sup>st</sup> and September 30<sup>th</sup> of each year. Forty-five to fifty percent of the annual volume commitments are made during that time.
- President Kipp held all-staff meetings to provide EDFUND staff an overview of the process, as well as how things could possibly unfold due to the potential sale of EDFUND over the next year.

**CHAIR'S REPORT**

Chair McClain gave the following report:

- She explained that this meeting's agenda was developed in consultation with Keith Yamanaka, CSAC Chief Deputy Director. Their goal was to ensure that the items needed for thorough discussion and examination, and the need for some kind of decision, be placed in the beginning. Therefore, she extended her apologies to the stakeholders for having to place their item on the agenda for the second day of the meeting.
- At the end of the September 6, 2007 policy discussion, she will officially disband the Ad Hoc Committee. She continued by expressing her appreciation to Commissioners Johnston and Galligani for all of their work with The Results Group on the Roles and Responsibilities.
- She recently received an invitation to former Commissioner Josefina Baltodano's inauguration ceremony as President of Marion College, which is scheduled for September 28<sup>th</sup>.
- She encouraged each member of the Commission to consider attending all, if not part of this year's CCCSFAAA/CASF AA conference which will be held in San Francisco beginning on December 13<sup>th</sup> through December 17<sup>th</sup>.
- She acknowledged Janet McDuffie and her staff and Sam Kipp and his staff for their dedication and hard work on the roles and responsibilities.

**TAB 3 – APPROVAL OF JUNE 21-22, 2007, JUNE 27, 2007, JULY 26, 2007 AND JULY 27, 2007 MINUTES*****Item 3.a – Approval of the June 21-22, 2007 Minutes***

On **MOTION** by Commissioner Furay, **SECONDED** and **CARRIED**, the Commission approved the minutes of the June 21-22, 2007 Commission meeting, with minor technical edits.

***Item 3.b – Approval of the June 27, 2007 Minutes***

On **MOTION** by Commissioner Furay, **SECONDED**, and **CARRIED**, the Commission approved the minutes of the June 27, 2007 Commission meeting.

Commissioners Perez, Hernandez and Solórzano abstained.

***Item 3.c – Approval of the July 26, 2007 Minutes***

On **MOTION** by Commissioner Friedlander, **SECONDED** and **CARRIED**, the Commission approved the minutes of the July 26, 2007 Commission meeting.

Commissioner Solórzano abstained.

**Item 3.c – Approval of the July 27, 2007 Minutes**

On **MOTION** by Commissioner Friedlander, **SECONDED** and **CARRIED**, the Commission approved the minutes of the July 27, 2007 Commission meeting, with minor technical edits on Page 10.

Commissioner Delahoussaye abstained.

**TAB 4 – CONSIDERATION OF 2008 MEETING CALENDAR**

On **MOTION** by Commissioner Friedlander, **SECONDED** and **CARRIED**, the Commission approved the 2008 Meeting Calendar with the following revisions:

- February 2008 – The Commission meeting will be held on February 28-29, 2008.
- April 2008 – The Commission meeting will be held on April 17-18, 2008.

**TAB 5 – UPDATE ON THE 2007-2008 STATE BUDGET AND TRAILER BILLS RELATIVE TO THE SALE OF EDFUND**

Mr. Robert Illa, CSAC Fiscal Manager, reported that although the State Budget, which was enacted on August 24<sup>th</sup>, contained over \$700 million in Governor's vetoes, CSAC's State Operating Budget sustained minor reductions. Mr. Illa highlighted the following:

- The State Budget moved the Commission's operations from the Student Loan Operating Fund into the General Fund.
- The Budget included legislation authorizing the proposed sale of EDFUND.
- The Governor vetoed the \$100,000 legislative augmentation and the authority to issue awards in 2007-08 for the Public Interest Attorney Loan Repayment Program.
- Phase II of the Grant Delivery System was approved, as well as the two new staff for the Program Compliance Unit.
- The Cal-SOAP Program's budget was reduced by \$2.2 million dollars.
- The Governor signed Senate Bill (SB) 89, which outlines the process that the State will take to facilitate the sale of EDFUND, and allows the Department of Finance (DOF) to enter into alternate arrangements for the sale. SB 89 also states that CSAC and EDFUND should fully cooperate with DOF.
- Governor also signed Senate Bill (SB) 91, which repeals the current law relating to the establishment and operations of EDFUND and the State's participation in the Federal Family Education Loan (FFEL) Program.

**TAB 6 – GRANTS AND PROGRAMS ISSUES****Item 6.a – Grant Advisory Committee (GAC) Chair's Report**

Ms. Mary Lindsey, Chair, CSAC Grant Advisory Committee (GAC) reported that GAC met in July and August to review the outstanding issues in the Institutional Participation Agreement, as well as to discuss the Budget Change Proposals that were being prepared by CSAC staff.

Institutional Participation Agreement

The three outstanding issues are:

- California Residency Requirements – GAC supports staff’s proposal with modifications. GAC’s modification is to maintain the portability of the grant once a student has been disbursed a Cal Grant and subsequently, transfers to another institution. GAC recommends that the student’s residency not be re-determined and the student be allowed to keep his or her Cal Grant.
- Post-High School Graduation Confirmation – GAC supports CSAC’s being the central repository of the student’s data.
- Interest-Bearing/Investments Accounts – GAC endorses CSAC’s language which indicates that the cash advances made to the institutions are State funds. However, GAC feels that there are other effective ways in dealing with the bankruptcy concerns and recommends that CSAC seek the following statutory changes:
  1. Allow institutions to deduct the cost incurred from establishing and maintaining interest-bearing/investment accounts for Cal Grant funds from the interest accrued on those funds and,
  2. Allow institutions to calculate the return of interest due to CSAC from Cal Grant funds based on a formula which includes negative Cal Grant fund balances, as well as positive balances.

Budget Change Proposals

GAC supports all increases, with the exception of Cal Grant C (BCP #5) in which GAC recommends removing the increase of the number of Cal Grant C awards and instead, focusing on the increase in the amount of the award. GAC also recommends pursuing additional funding using a balanced approach to seek increases among the five priorities. In regards to Cal Grant C, GAC recommends seeking an increase in the amount of the book and supply allowance.

Commissioner Solórzano asked that GAC look at when Community College incoming freshman students, specifically the students that planned ahead, actually receive their Cal Grant Awards warrants – i.e. – before school begins, the first week of school, or in October? Ms. Mary Lindsey made a note of Commissioner Solórzano’s request.

***Item 6.b – Consideration of Institutional Participation Agreement (IPA)***

Ms. Catalina Mistler, Chief, CSAC Program Administration and Services Division, Mr. Bryan Dickason, Manager, CSAC Grants Operations Branch, Mr. Tae Kang, Associate Financial Aid Analyst, CSAC Grant Operations Branch, and Ms. Lori Nezhura, Financial Aid Analyst, CSAC Program Policy and Development Branch, presented the final Institutional Participation Agreement (IPA) addressing and updating a number of operational processes that were required to comply with the law, and considers both the impact to schools and the delivery of funds to the students.

Ms. Mistler continued by going through the three outstanding items (as noted by GAC Chair Mary Lindsey in Tab Item 6.a):

1. Post-High School Graduation Confirmation – The outstanding issue related to how CSAC would address the requirement that Cal Grant Entitlement recipients be high school graduates. Staff recommends that CSAC act as the central repository of high school graduation confirmation received from a variety of

sources placing all new high school Entitlement participants on hold until receipt of confirmation that the new student is a high school graduate or the equivalent.

On **MOTION** by Commissioner Friedlander, **SECONDED** and **CARRIED**, the Commission adopted staff's recommendation to require a centralized high school graduation approach to be pursued with implementation planned for the 2008-09 award year. Staff would implement a centralized high school graduation confirmation database and limit the payment of Cal Grant funds only for those new Entitlement Cal Grant participants that have either self-confirmed their graduation, as defined by the Commission (the G-8 form process), or have had their graduation status confirmed by their high school or postsecondary institution.

2. California Residency Requirements – The issue pertained to what date the IPA shall establish as the date in which a Cal Grant applicant's California residency is determined, and what method must be used to determine whether a Cal Grant applicant is a California resident. Staff indicated that according to Cal Grant Statute, residency determination for Cal Grant purposes needs to be completed pursuant to Part 41 of the California Education Code. Part 41 states that the public institutions have the requirement to set up their own regulations. Staff recommends the following:
  - The IPA recognizes the residency determination date(s) at the public institutions established by their respective governing boards.
  - The residency determination date for the non-public institutions be the first day of instruction of the term in which the student is first enrolled as a Cal Grant recipient, or the date CSAC uses to make the preliminary determination of California residency for purposes of offering a Cal Grant, as long as one option is chosen over the other and applied uniformly to all students at the institution.
  - Adoption of the proposed IPA language requiring residency determinations for Cal Grant purposes at public institutions to be identical to the rules adopted by the governing bodies of the public institutions for purposes of student residency classifications.
  - The IPA allows private institutions to adopt the California Community College Regulations (CCR) found in CCR sections 54020-54024, for determining residency, or develop and document their own policy which is consistent with 5 CCR sections 54020-54024, and Education Code sections 68060-68062.
  - The proposed IPA provides examples of circumstances in which conflicting information could require resolution, but not to limit the requirement to resolve conflicting information to specific examples.

After much discussion, the Commission agreed that additional language was needed to add exception to the residency rule that allows flexibility for those students who were eligible for a Cal Grant at one institution, but when they transferred to another institution, became ineligible. Chair McClain requested that Commissioner Furay draft language that includes the concept discussed, that could be presented later in the meeting for approval.

On **MOTION** by Commissioner Furay, **SECONDED** and **CARRIED**, the Commission approved the concept that if residency is a problem at a transferring student's new institution, and the student has already received payments (Cal Grant A, B and/or C) at the original institution, then the student should be given consideration for continuing to receive payments at the new institution.

Commissioner Friedlander **OPPOSED**.

*After the conclusion of Tab Item 12.b, the following new motion was presented:*

On **MOTION** by Commissioner Furay, **SECONDED** and **CARRIED**, CSAC acknowledges the validity of differing residency requirements among the segments of California postsecondary education. Nonetheless, the Commission recommends that, in the case of a student who has been determined to be a resident, has received a Cal Grant, and then transfers to another Cal Grant postsecondary institution, the Commission strongly urges that institutions not re-establish residency requirements only in relation to the exception of the students' Cal Grant.

3. Interest-Bearing/Investments Accounts – The issue pertains to whether the IPA should require Cal Grant institutions to hold funds for the State in separate accounts with no commingling of Cal Grant funds with funds from any other sources. After researching the issue, staff recommended the implementation of separate accounts for non-public institutions, while allowing public institutions to hold State funds in co-mingled accounts because of the State's better ability to protect State funds in the possession of public institutions.

Ms. Mary Lindsey, GAC Chair, stated that GAC had concerns about the legal interpretation that allows the public institutions to commingle their funds, and not the non-public institutions. In addition, GAC believes that there are more effective strategies that can be employed to protect State funds in bankruptcy. It is their opinion that these instances are only minimal. Therefore, GAC would like to identify those high-risk institutions, and work with them on ways to protect State funds.

Ms. Mistler stated that although staff acknowledges that separate accounts for Cal Grant funds would not provide total protection against unauthorized use, or against bankruptcy cases, CSAC is the trustee of the Cal Grants funds and is responsible for these funds that are not yet eligible to be spent.

Mr. John Bays, Chief, CSAC Information Technology Services Division, explained that for the 2009-2010 academic year, CSAC will implement the Grant Delivery System's Phase II-Real-Time Database, which will speed up the process in which disbursements and advances go to schools. However, this will not eliminate all potential problems with that may occur when funds reside within the schools.

Ms. Mary Robinson, representative of the California State University (CSU) Chancellor's Office asked in reference to Page 5 of the IPA, Item 3 – Annual interest earned on Cal Grant funds constitute State funds and must be remitted to the Commission on behalf of the state no later than March 1<sup>st</sup> following the award year for which the interest accrued. CSU would like clarification on what is

meant by annual interest earned. Specifically, they would like CSAC to address their request to hold further discussions with the community, in consultation with control agencies in order to seek some accommodations about the meaning of annual interest earned. CSU's main interest is to ensure that their students are able to enroll in their courses, have their accounts credited for the fees in order to register, and be able to arrive on campus and face the costs the students have at the beginning of the term.

On **MOTION** by Commissioner Friedlander, **SECONDED** and **CARRIED**, the Commission adopted the revised Option 2, as follows:

The Institution agrees that all Cal Grant funds, including term advances transferred by the Commission pursuant to Education Code section 69432.8, constitute State funds, owned by the State, and held in trust for the State, until the funds are withdrawn to be paid as an award for an eligible Cal Grant recipient or as otherwise directed by the Commission.

1. Institutions may hold Cal Grant funds in a separate bank account or may commingle Cal Grant funds with funds from other sources, but must identify the Cal Grant funds through a subsidiary ledger.
  - Absent a separate bank account, the Institution must ensure that its accounting records clearly reflect that it identifies Cal Grant funds as readily as if those funds were in a separate account; and
  - The Institution must identify earnings on Cal Grant funds in the Institution's bank or investment account.
2. The account in which Cal Grant funds are held must be an interest-bearing account or investment account at a financial institution with a presence in California whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or secured by collateral of value reasonably equivalent to the amount of Cal Grant Program funds in the account.
3. Annual interest earned on Cal Grant funds constitute State funds and must be remitted to the Commission on behalf of the State no later than March 1 following the award year for which the interest accrued (e.g. March 8, 2008, for calendar year 2007).
  - a. Institutions have a fiduciary responsibility to ensure that State funds are used only for the benefit of eligible students. Under no circumstances may a Public or Private Institution use State funds for any other purpose, such as paying operating expenses, collateralizing or otherwise securing a loan, or earning interest or generating revenue in a manner that risks the loss of State funds or subjects State funds to liens or other attachments (such as would be the case with certain overnight investment arrangements or sweeps).

Commissioner Perez abstained.

Upon approval of the motion, Executive Director Michel addressed CSU's request for clarification on the definition of annual interest earned by stating that conversations need to take place with the Department of Finance (DOF) to seek clarification. However, she

advised that CSAC could lose flexibility because DOF sees this as being an unusual circumstance in terms of any advancement of funds. They allow advance of funds because they want students to have the ability to have the funds when school starts. DOF views Cal Grants as being an exception. She suggested that staff set up a workgroup to work with the institutions to better understand how the money flows prior to the October budget hearings.

On **MOTION** by Commissioner Friedlander, **SECONDED** and **CARRIED**, the Commission approved Option 2, as amended and directed staff to meet with stakeholders to receive information related to the two outstanding issues about the interest calculation and the negative interest. Staff is directed to meet with the Department of Finance, and if necessary, will either come forward with amendments, or proposals for the IPA, for changes in the IPA to address those and make it more specific, and then bring back their revisions to the Governance and Monitoring Committee, with recommendations, if statutory changes are required.

Upon completion of the changes to the motion, on **MOTION** by Commissioner Friedlander, **SECONDED** and **CARRIED**, the Commission approved the Cal Grant Institutional Participation Agreement for 2008-09, with the possibility of the Commission's consideration at its November meeting of revising the IPA to include a clearer definition of interest-bearing.

## TAB 7 – OUTREACH ISSUES

### ***Item 7.a – Update on the California Student Opportunity and Access Program (Cal-SOAP) and Consideration of Cal-SOAP Changes as a Result of the 2007-08 State Budget***

Mr. Steve Caldwell, Chief, CSAC Governmental and Public Affairs Division, reported that the 2007-08 State Budget Act cut the Cal-SOAP Project's budget by \$2.2 million dollars. Mr. Caldwell further explained that due to these cuts, staff will need to go back to re-adjust the Cal-SOAP Consortia funding totals approved by the Commission at its June meeting. Therefore, he asked that the September 6, 2007 meeting be utilized for discussion and consideration. Staff will schedule an additional Commission meeting in the next month to hear, and subsequently approve, staff's recommendations on the disbursement of funds.

Mr. Tom Mays, CSAC Public Affairs Director, explained that currently Solano County does not have a Cal-SOAP consortium. In August, staff met with staff at the Solano County Office of Education to discuss a possible interim funding plan. In addition, CSAC has issued a Request for Proposal (RFP) for a new Cal-SOAP consortium for Solano County. The deadline for submission of the RFP is October 10<sup>th</sup>.

Ms. Kim Taylor, Manager, CSAC Outreach Branch, reported that the CSAC staff will meet with the Cal-SOAP Project Directors in the next week to receive their recommendations on how to handle the budget reductions and how to fund the Projects. Until the fund amounts are approved by the Commission, staff is unable to proceed with the contracts process, which is usually implemented on July 1<sup>st</sup> of each fiscal year. Therefore, staff requested permission from the Commission to proceed with drafting a letter of intent to be sent to the current 15 Cal-SOAP Consortia, so they can be reassured that funding will take place. The Commissioners generally concurred in

staff's proposal to draft and issue the letter of intent. However, Commissioners suggested that the letter also include information on the potential cuts to the Projects.

Executive Director Michel added that after staff's meeting with the Project Directors, staff will finalize the reductions in funding allocations and will be prepared to present recommendations at the special Commission meeting. She cautioned that not all Projects will be treated the same in terms of the reduction, and it will not be an across-the-board reduction.

The Commission heard comments on behalf of the Cal-SOAP Consortia and its programs from the following:

- Sonia Ramos – San Jose Cal-SOAP, representing all of the Project Directors
- Andrew Kimura – a student tutor at the South County Gilroy Cal-SOAP
- Karina Palomera – a former Cal-SOAP student who was able to achieve her education goals due to the Cal-SOAP project and its mentoring programs.
- Beth Pavoni – a South County Gilroy Cal-SOAP employee who is able to connect with students through Gilroy High School's Cal-SOAP Center.
- Pablo Reguerin – a representative of the University of California, Santa Cruz
- Emalyn Lapus – representing San Francisco Cal-SOAP
- Arthur Rasberry and Denise LeGrande – representing the former SUCCESS Cal-SOAP

Mr. Mays closed his presentation by providing the following Cal-SOAP update:

- The CSAC Program Compliance Unit continues their compliance reviews of the Cal-SOAP Projects. They have completed the Merced Cal-SOAP Consortium. Their next set of reviews will be conducted at the San Jose and Sacramento Consortia.
- The Cal-SOAP Advisory Committee continues to have problems in reaching a quorum and, therefore, had to cancel the September 14<sup>th</sup> meeting. There are currently seven vacant positions on the Committee. Ms. Taylor reported that the Project Directors have provided names of potential candidates to fill the vacancies.

Executive Director Michel provided a copy of a recent article written by former SUCCESS Chair Arthur Rasberry regarding the de-funding of their project. CSAC staff will develop a response to the article, which would be run within the week.

## **TAB 8 – FISCAL POLICY AND LONG-RANGE PLANNING ISSUES**

### ***Item 8.a – Consideration of Commission's Contract for Services related to Implementation of Phase II of the Grant Delivery System Services Oriented Enhancements in the Amount of \$275,000***

Mr. Robert Illa, CSAC Fiscal Manager reported that the Executive Director of CSAC must obtain approval from the Commission prior to entering into a new contract or executing a contract amendment of over \$100,000. Therefore, he presented the contract for services related to the implementation of Phase II of the Grant Delivery System for a total amount of \$275,000 for approval.

On **MOTION** by Commissioner Furay, **SECONDED**, and **CARRIED**, the Commission authorized the Executive Director to enter into contracts with the selected California Multiple Award Schedule (CMAS) vendor(s) for up to \$275,000.

***Item 8.b – Consideration of Proposed Budget Change Proposals (BCPs) for 2008-09***

Ms. Janet McDuffie, Chief, CSAC Management Services Division explained that CSAC received the anticipated Budget Policy Letter from the Department of Finance (DOF) on August 28<sup>th</sup>, which states that, unless a department is seeking new General Fund funding, they are not to submit any BCPs to DOF unless there is a prior agreement that DOF will review it. The following BCPs reflect critical priorities within the Commission that have been previously discussed with the Administration:

- \$3.2 million and 25 positions for the detangling of the Commission from EDFUND
- \$.5 million and 1 position for the Cash For College Program
- \$1.7 million for the Cal Grant Public Awareness Campaign

The dollar amounts associated with these BCPs are estimates and will be finalized prior to submission to the DOF. All BCPs request funding from the General Fund.

On **MOTION** by Commissioner Furay, **SECONDED**, and **CARRIED**, the Commission approved the three above-mentioned budget change proposals.

Dr. Sam Kipp, EDFUND President and Mr. Martin Scanlon, Vice President, EDFUND Finance and Administration Division expressed EDFUND's concerns regarding the detangling BCP related to the ultimate disposition of EDFUND's assets. It is their opinion that the DOF will have to make a decision on where they will eventually end up.

Commissioner Friedlander provided the following comments:

- Since the DOF would be approving the BCPs, they would also make the decisions regarding the assets.
- On the detangling BCP, he questioned how staff came up with the total \$3.2 million. In addition, for the 25 positions, did staff request these positions for the civil service staff within EDFUND?

Ms. McDuffie explained that the civil service employees assigned to EDFUND are part of CSAC's authorized positions and are funded through the Operating Fund. The positions are being authorized through the end of this new fiscal year. Once it is known what will be approved by DOF, staff will begin to look at the affected areas.

Ms. McDuffie added that at the end of Fiscal Year 2007-08, if the sale of EDFUND should occur, the positions assigned to EDFUND will be abolished and CSAC will no longer have authority for them. However, CSAC's goal is to accommodate as many current civil service positions at EDFUND as possible.

Executive Director Michel added that she has met with all civil service staff within CSAC and EDFUND to address their concerns about how the process works and when it will be activated. She has committed to meet with them on a regular basis to provide information. CSAC's Personnel staff is cognizant of their responsibility to have open

communication and will keep an open door policy for all staff. Executive Director Michel added that DOF has communicated that they will work with the Commission to try to avoid a layoff situation.

Due to the Budget Policy Letter received on August 28<sup>th</sup>, DOF will not accept BCPs that cannot be found elsewhere in the department's budget, in terms of funding; therefore, staff is not authorized to submit the five BCPs noted below requesting increases in Cal Grant funding:

- \$459.2 million for the following Cal Grant Policy Change Proposals:
  - ✓ \$106 million to increase the Cal Grant Competitive Program
  - ✓ \$262 million to increase the Cal Grant B Access Grant
  - ✓ \$71.4 million to provide tuition and fees to 1<sup>st</sup> year Cal Grant B students
  - ✓ \$13.1 million to provide parity in the Maximum Award Policy for students attending non-public institutions
  - ✓ \$6.7 million to increase the value of Cal Grant C Awards

In order to comply with DOF's directive in the August 28<sup>th</sup> Budget Policy Letter, Executive Director Michel recommended that staff draft a letter to DOF utilizing the contents of the five Cal Grant funding BCPs, that would not only demonstrate support for the continuous funding of the Cal Grant Program, but also raise the policy questions that need to be raised and provide the data that demonstrate the continued need for the program. This letter would accompany the BCPs. In addition, the letter would articulate the progress made in terms of the Entitlement Program in promoting access to students.

Commissioner Furay asked that staff utilize specific numbers in their explanation to DOF, as well as provide a future prospective.

On **MOTION** by Commissioner Johnston, **SECONDED**, and **CARRIED**, the Commission agreed not to submit the five budget change proposals (BCPs), but instead, authorized staff to move forward with Executive Director Michel's strategy to draft a correspondence to the Department of Finance, utilizing the contents of the BCPs, that would demonstrate support for the continuous funding of the Cal Grant Program, but also raise the policy questions that need to be raised, as well as provide the data that demonstrates the continued need for the program. In addition, the letter would articulate the progress made in terms of the Entitlement Program in promoting access to students.

## TAB 9 – LOAN PROGRAM ISSUES

### ***Item 9.a – Consideration of Roles, Responsibilities and Policies for the Commission, EDFUND and their Respective Staffs***

Commissioner Galligani provided an overview of the September 6, 2007 joint presentation by the CSAC Ad Hoc Committee and The Results Group, which will consist of three items:

- Codify agreement that was in place in May 2007.
- Review and finalize oversight plan.
- Finalize and approve new committee structure.

Mr. Michael Wright, Project Coordinator, The Results Group, and the Commission reviewed the Governance Policies and made the following minor edits:

- The version presented should have been dated May 3, 2007, not April 3, 2007.
- On Page 13 – G – under Personnel Practices – the paragraph should be split into two sentences and, therefore, the Commission revised the sentences to read – *The grant program Internal Auditor will report administratively to the Commission’s Executive Director and functionally to the appropriate Commission Committee. The Federal Policy and Programs staff will report administratively to the Commission’s Executive Director and functionally to the appropriate Commission Committee.*

On **MOTION** by Commissioner Furay, **SECONDED** and **CARRIED**, the Commission approved the May 3, 2007 version of the CSAC Governance Policies as revised.

Commissioner Delahoussaye abstained.

***Item 9.b – Consideration of the Commission’s Annual Plan for Oversight of EDFUND***

Mr. Michael Wright, along with Ms. Elaine Vann, Independent Consultant, and Ms. Ellen Moratti, Senior Consultant, MGT of America, Inc. presented the final draft of the Annual Plan for Oversight of EDFUND. Mr. Wright thanked CSAC staff and indicated that while The Results Group worked with CSAC staff to develop the format, it was CSAC staff that completed the descriptions and the entire first draft of the Annual Oversight Plan.

The Plan was developed in five sections:

1. Annual Planning, budgeting and periodic performance review.
2. Audits of EDFUND
3. Documents and reports that are submitted by EDFUND
4. Oversight meetings
5. Series of certifications

Mr. Wright noted the items on Page 40 of the Plan are the most important pages and should be utilized as a “homework” task list for the Commission.

Ms. Janet McDuffie, interim chief, CSAC Federal Policy and Programs Division, reminded the Commission that CSAC is required to comply with the 45-day review process, and this report will need to be sent to the Department of Finance and the Joint Legislative Budget Review for their review/comments.

The Commission and staff went through the Plan and made the following revisions:

Page 1 – Table of Contents

- Ms. Janet McDuffie had minor changes to this page.
- Some of the annual planning and audits do not match the report. Staff will provide additional information to Mr. Wright.

Page 2 – Compliance with State Administrative and Financial Accountability

- Delete the second paragraph and replace with the following: The Executive Director is the chief executive officer of CSAC, which holds the guaranty agency designation, and representing the State and the Commission, is responsible for ensuring that the Commission's Federal Family Education Loan (FFEL) Program programmatic and fiduciary responsibilities are carried out in accordance with federal and state laws and regulations."
- Delete all italicized language following the second paragraph.

Page 3 –Oversight Roles

- Delete last sentence in "CSAC Staff" paragraph – ~~"Also, the Federal Policy and Programs Division FPPD is the primary staff division that supports the Commission's oversight activities."~~
- In addition, remove all additional italicized language under "Additional language suggested by CSAC staff."

Page 4 – (4) EdFund Staff

- Replace "collaboration" with "work in consultation" so that the entire sentence reads: "EdFund staff provides timely and accurate data as required in this Plan and the Operating Agreement, and collaborate works in consultation with CSAC staff and the Commission to continuously improve and streamline the oversight process."

Page 5 –CSAC Staff Reports to the Commission

- Delete second sentence: ~~"In most cases, staff will prepare an Issue Analysis Report."~~

Page 6 – First paragraph

- Amend to read: "Although the Plan describes each of the specific items used for oversight, CSAC staff analyzes various EDFUND and loan program-related reports simultaneously, and consults with the Executive Director and other CSAC staff ~~and EdFund staff as necessary, in order to gain the most insight and develop the most informed reports and recommendations.~~ In addition, CSAC staff works in consultation with EdFund staff to identify and resolve issues as expeditiously as possible."
- Delete all additional italicized language under "Additional language suggested by CSAC staff:"

Page 7 – Remove Timeline Matrix; however, keep as a separate document to be utilized at a later date.

Page 7 – Plans/Reviews Item 1: EdFund Strategic Plan table:

- Timeline/Due Date: Change from "Completed by July 1<sup>st</sup>" to "To be Determined."
- CSAC Staff Reports: Add "If" in front of #1 and amend to read: "If FPPD staff identifies issues; consults with Executive Director, Chief Deputy Director and legal counsel; prepares Issue Analysis Report."
- Remove entire Strategic Planning Timeline

Page 8 – Plans/Reviews Item 2: Annual Loan Program Business Plan:

- Timeline/Due Date: Remove all specified dates – just note months. In addition, merge the two July assignments.
- CSAC Staff Reports – Add “If” in front of #1 – and amend to read: “If FPPD staff identifies issues; consults with Executive Director, Chief Deputy Director, and legal counsel; prepares Issue Analysis Report.”

Page 9 – Delete the entire Loan Program Business Planning Timeline – however keep dates for future use – specifically for the development of the new Committee Charters.

Page 10 – Plans/Reviews Item 3: EdFund Annual Business Plan Quarterly Updates:

- Timeline/Due Date: Amend to read: “Typically presented at the ~~following~~ Commission meeting: ~~[month, month, month, month, month]~~ following the end of the EDFUND Quarter.”
- Change references throughout table from “strategic plan” to “annual business plan.”
- CSAC Staff Reports – Add “If” in front of #1 – and amend to read: “If FPPD staff identifies issues; consults with Executive Director, Chief Deputy Director and legal counsel; prepares Issue Analysis Report.”

Page 11 – Plans/Reviews Item 4: Annual Loan Program Budget

- Timeline/Due Date: Delete all specified dates – only note month. In addition, merge the two July assignments

Page 12 – Delete entire Loan Program Budget Development Timeline.

Page 13 – Plans/Reviews, Item 5: EdFund Annual Internal Audit Plan

- CSAC Staff Reports – Add “If” in front of #1 – and amend to read: “If CSAC staff identifies issues, prepares Issues Analysis Report.”

Page 14 – Plans/Reviews Item 7: Performance Evaluation of EDFUND

- Purpose: Amend to read – “To provide the Commission with a mechanism to conduct ~~an overall~~ assessments of the performance of EDFUND.”

Page 16 –Audit Item 1: United States Department of Education (USED) Audit – Change acronym to read “Federal ED.” The acronym change is to be made throughout the document.

- Responsible Party: Amend to read: “CSAC: Commission and its Audit Committee ~~(in conjunction with EdFund Audit Committee),~~ Executive Director, Chief Internal Auditor.”
- Responsible Party: Amend to read: “EdFund: EdFund Board and its Audit Committee, President, Vice President of Audit Services.
- Same changes should be added to all comparable Audit Items on Pages 17-23.

Page 24 – Financial Reports Item 1: Unaudited Financial Statements and Analysis

- CSAC Staff Reports – First sentence - Add “Quarterly” in front of “Summary Report”, and amend to read: “FPPD prepares a Quarterly Summary Report (a synopsis of its review, including trends identified and any significant variances along with any EdFund explanation of the variances) and presents it at the subsequent Commission meeting. If FPPD staff identifies ~~any significant~~ issues, ~~they~~ staff consults with Executive Director, Chief Deputy Director and legal counsel; prepares Issue Analysis Report.”

- Need to clarify what the dashboard will be.

Page 28 – Statistical Reports Item 1: Monthly and End of FFY Loan Program Statistics

- Timeline/Due Date: Change “Monthly” to “Quarterly” and “30 days” to “45 days”, to read: “~~Monthly~~ Quarterly: No later than ~~30 days~~ 45 days after month-end.”
- Responsible Party: Need to consistent when noting EDFUND Financial Officer
- CSAC Staff Reports to the Commission – First sentence – Add “Quarterly” in front of “Summary Report”, and amend to read: “FPPD prepares a Quarterly Summary Report describing trends and significant changes. If FPPD staff identifies ~~any significant~~ issues, they consult with Executive Director, Chief Deputy Director and legal counsel; prepare Issue Analysis Report.”

Page 30 – Statistical Reports Item 3 – Monthly and Annual Listing of Participating Schools and Lenders – Change “Monthly” to “Quarterly” throughout Item.

- Timeline/Due Date: Change “Monthly” to “Quarterly” and “30 days” to “45 days”, to read: “~~Monthly~~ Quarterly: No later than ~~30 days~~ 45 days after month-end.”
- CSAC Staff Reports – First sentence - Add “Quarterly” in front of “Summary Report”, and amend to read: “FPPD staff prepares Quarterly Summary Report including a synopsis of the listing; this report indicates which schools and lenders comprise the majority of the loan program portfolio, and how the portfolio is distributed across various sectors of schools and lenders. If FPPD identifies issues ~~are identified~~, CSAC staff consults with Executive Director, Chief Deputy Director and legal counsel; prepares Issue Analysis Report.”

For each Item on Pages 31-36 – “CSAC Staff Reports” – Add “If” in front of #1 – and amend to read: “If FPPD staff identifies issues; consults with Executive Director, Chief Deputy Director and legal counsel; prepares Issue Analysis Report.”

Page 37 – Meetings Item 1: Quarterly Operating Agreement Meetings – Under “Steps in the Process”:

- Step 1 - Amend to read: “The appropriate EDFUND OA Liaison schedules meetings and reminds group of ‘update’ items from previous meetings that need to be addressed.”
- Step 5 - Amend to read: “CSAC and EDFUND OA Liaisons provide ~~minutes to group~~ a summary of the meeting.”

Page 38 – Meetings Item 2: EDFUND Board Meetings

- Delete “Steps in Process” table.

Page 39 – Meetings Item 4 – Discussion of Issues as They Arise –

- Delete “Steps in Process (FPPD)” table.

Page 40 – A. Listing of Reports –add “as needed” at end of the last sentence, to read: “For all other items in the sections above, FPPD staff will review and prepare an Issue Analysis Report as needed.”

Remove Pages 42-47 – Should only be utilized internally.

Addendum 2. Loan Program Background Documents, Pages iv, v – Change header to read: “Addendum 4 2 - continued.”

Ms. McDuffie stated that some of the items are not linked up and that there will need to be additional editing. Mr. Wright agreed and indicated that the edits will be returned by both CSAC and EdFund staffs.

On **MOTION** by Commission Johnston, **SECONDED** and **CARRIED**, the Commission approved the draft CSAC Annual Plan for Oversight of EDFUND dated August 27, 2007, as revised.

Chair McClain announced that she will be deferring discussion on Tab Items 9.c and 9.d until after the adjournment of the CLOSED SESSION.

At 5:34 p.m., Chair McClain recessed the OPEN SESSION of the meeting of the California Student Aid Commission and announced that the Commission would meet in CLOSED SESSION to discuss and possibly take action on business matters of a proprietary nature, pursuant to California Education Code, section 69525(g)(3). After this discussion, pursuant to California Code, section 11126(a) (1), the Commission would continue to meet in CLOSED SESSION to discuss and possibly take action on personnel matters.

At 7:15 p.m., Chair McClain recessed the CLOSED SESSION meeting until 8:30 a.m. on Friday, September 7, 2007.

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Chair Louise McClain re-convened the CLOSED SESSION meeting of the California Student Aid Commission at 8:30 a.m. on Friday, September 7, 2007.

The following Commission Members were present:

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

At 11:05 a.m., Chair McClain recessed the CLOSED SESSION and 11:10 a.m., and reconvened the Open Session meeting of the California Student Aid Commission, indicating the CLOSED SESSION was in recess and would be continued to later in the day.

A quorum was recognized.

**TAB 9 – LOAN PROGRAM ISSUES (CONT'D)**

***Item 9.c – Consideration of the New Commission Committee Structure***

Commissioner Galligani presented the new Commission Committee structure for the approval. The Commission made the following revisions to the Committee descriptions:

- The Audit Committee – No Changes.
- The Personnel, Evaluation and Nominations (PEN) Committee – Regarding the last line of first paragraph, i.e., “In addition, this committee exercises general oversight of the administrative concerns of the Commission and its staff,” the Commission agreed that staff will provide a full definition of the duties this action entails and that it should be discussed at a future meeting.
- The Governance and Monitoring Committee – No Changes.
- The Planning and Budget Committee – Added “Programs” to the title. to read: “Programs, Planning and Budget Committee.” This addition enhances the Committee description by including the grant program duties that were handled by the former Grants and Programs Committee, i.e. – adoption of regulations, selection criteria, etc.
- Ad Hoc Committees – No Changes.

On **MOTION** by Commissioner Perez, **SECONDED** and **CARRIED**, the Commission adopted the new Committee Structure as revised. In addition, the Commission authorized the chairs of the former Standing Committees to approve and sign any outstanding sets of minutes. In the absence of the chair and/or vice chair, the Commission Chair is authorized to approve any outstanding sets of minutes.

At the conclusion of the motion, Commission Chair McClain officially disbanded the Ad Hoc Committee and thanked Commissioners Galligani and Johnston for all of their work throughout this project.

***Item 9.d – Consideration of Draft Outline of the Annual Report to the Legislature on EDFUND***

Discussion on this item was postponed.

**TAB 11 – THE CALIFORNIA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS (CASFAA), CALIFORNIA COMMUNITY COLLEGES STUDENT FINANCIAL AID ADMINISTRATORS ASSOCIATION (CCCSFAAA) AND THE CALIFORNIA LENDERS FOR EDUCATION (CLFE) WILL BE PROVIDING A PRESENTATION ON “GRANTS ARE NOT ENOUGH”**

Ms. Beth Asmus, CCCSFAAA President, Ms. Meredith Kelly, CASFAA President, and Mr. Rob Smith, CLFE President, provided a Powerpoint presentation to the Commission entitled *Grants is Not Enough*.

**TAB 12 – PERSONNEL, EVALUATION AND NOMINATIONS (PEN) ISSUES**

Commissioner Delahoussaye, Vice Chair of the PEN Committee, reported that the PEN Committee met on September 5, 2007 to discuss and/or take action on the following: (Additional information may be found in the September 5, 2007 agenda materials.)

***Item 12.a – Nominations to Commission Advisory Bodies***

**Loan Advisory Council**

On **MOTION** by the Committee, **SECONDED** and **CARRIED**, the Commission approved the Committee's recommendation to appoint the following to the Loan Advisory Council:

- The re-appointment of Dean Kulju, as the California State University Institution representative for the term of September 9, 2007 through September 9, 2009.
- The appointment of Anthony Martinez, as the California State University Student Representative. Mr. Martinez will complete the term of Javier Gamboa, which is from September 7, 2007 through November 29, 2008.
- The re-appointment of Dolores Niccolai, as the California Lenders for Education (CLFE) representative for the term of November 19, 2007 through November 19, 2009.
- The re-appointment of Amy Tien-Gordon, as the Participating Secondary Market representative for the term of September 9, 2007 through September 9, 2009.

Commissioner Friedlander abstained.

**Loan Advisory Council**

On **MOTION** by the Committee, **SECONDED** and **CARRIED**, the Commission approved the Committee's recommendation to appoint the following to the Loan Advisory Council:

- The appointments of, Patrick Conner and Jennifer S. Whittington as the Participating Lending Community representatives for the term of September 9, 2007 through September 9, 2009.
- The re-appointments of Robert M. Haushalter and Kurt Schneiber as the Participating Lender Community representatives for the term of September 9, 2007 through September 9, 2009.

Commissioners Perez and Solórzano abstained.

**Grant Advisory Committee**

On **MOTION** by the Committee, **SECONDED** and **CARRIED**, the Commission approved the Committee's recommendation to appoint the following to the Grant Advisory Committee:

- The re-appointment of Susan Gutierrez, as the California State University Campus representative for the term of November 18, 2007 through November 18, 2009.

- The appointment of Anthony Martinez, as the California State University Student representative. Mr. Martinez will complete the term of Javier Gamboa, which is from November 29, 2006 through November 29, 2008.
- The appointment of Frederick Holland, as the California Association of Private Postsecondary Schools representative. Mr. Holland will complete the term of Laura Cunha, which is from June 23, 2005 through September 12, 2007.
- The appointment of Lisa Douglass, as the Independent California Colleges and University System representative. Ms. Douglass will complete the term of Veronica Villalobos, which is from May 23, 2006 through May 23, 2008.

Commissioner Solórzano abstained.

Commissioner Delahoussaye reported that the PEN Committee had a discussion with Executive Director Michel on how the members of the Commission can assist in the recruitment efforts to fill the vacant seats on CSAC's advisory bodies. Executive Director Michel will provide a list of vacancies within each advisory body to assist in this effort.

***Item 12.b – Consideration of the Executive Director's Organizational and Program Goals for Performance During 2007-08***

Commissioner Delahoussaye reported that Executive Director Michel, along with her senior management staff put together the Executive Director's Organizational and Program Goals for Performance during 2007-08 as listed in Tab 12.b.1. The Commission recommended one minor addition to the matrix – on Page 5 – Goal F: The change is to read: "Refine program administration processes to ensure compliance with the Commission's governance policies and increase efficiencies." Staff was directed to develop language regarding this topic to be inserted as F.8.

On **MOTION** by the Committee, **SECONDED**, and **CARRIED**, the Commission adopted the Executive Director's Organizational and Program Goals for Performance during 2007-08 as amended.

**TAB 13 – OUTREACH ISSUES**

***Tab 13.a – Update on Cal Grant Public Awareness Campaign***

Tab 13.a was an informational item.

***Tab 13.b – Update on the California Cash for College Program***

Tab 13.b was an informational item, with the exception of the following brief report given by Ms. Despina Costopoulos, CSAC Cash for College Coordinator:

- 2007 Fall Regional Outreach/PIN Events – One correction was noted: the Los Angeles Cash for College, College and Career Convention will be held on Wednesday, October 10<sup>th</sup> versus Thursday, October 11<sup>th</sup> as noted on the calendar.

- The College Access Foundation of California has approved CSAC's proposal to provide \$1.25 million over the next two years in scholarship funding and program support.

Executive Director Michel also reported that Assembly Bill 1540 (Bass), which is sponsored by the Los Angeles Chamber of Commerce, is currently out of the Senate and on the way to the Assembly Floor. It is expected to reach the Governor's Office for signature.

## **TAB 14 – GRANTS AND PROGRAMS ISSUES**

### ***Tab 14.a – 2007-08 Cal Grant Program Update***

Commissioner Galligani asked for clarification on Community College Transfer Entitlement totals and their significant drop in numbers. Ms. Catalina Mistler, Chief, CSAC Program Administration and Services Division stated that she will ask staff to research further and bring back their findings at a later meeting.

### ***Tab 14.b – 2007-08 Specialized Programs Update***

Tab 14.b was an informational item.

### ***Tab 14.c – Update on 2008-09 Cal Grant Program Income and Asset Ceilings***

Tab 14.c was an informational item.

### ***Tab 14.d – Consideration of Final Report on the Status of Implementing Internal Audit Recommendations on the Cal Grant Grade Point Average (GPA) Collection***

Tab 14.d was an informational item.

## **TAB 15 - GOVERNMENTAL RELATIONS ISSUES**

### ***Tab 15.a – Update on State Issues and Legislation and Consideration of Positions on Bills Affecting the Commission***

Mr. Steve Caldwell, Chief, CSAC Governmental and Public Affairs Division provided the following report:

- Assembly Bill 1540 (BASS) will hopefully pass the Assembly Floor.
- Assembly Bill 1578 (Leno) is being held in the Appropriations Committee due to funding issues.
- Assembly Bills 111 and 171 are new Loan Assumption Program bills and are being held in Committee.

### ***Tab 15.b – Update on Federal Issues and Legislation and Consideration of Positions on Bills Affecting the Commission***

Tab 15.b was an informational item.

**TAB 16 – LOAN PROGRAM ISSUES**

***Tab 16.a – Loan Advisory Council (LAC) Chair’s Report***

Tab 16.a was an informational item.

At 12:28 p.m., Chair McClain recessed the OPEN SESSION of the meeting of the California Student Aid Commission and announced that the Commission would meet in CLOSED SESSION to discuss and possibly take action on the final approval of the evaluation of the Executive Director for her 2007-08 evaluation.

At 1:08 p.m., Chair McClain adjourned the CLOSED SESSION and reconvened the OPEN SESSION of the meeting reporting that there were no items to report.

There being no further business, the meeting of the California Student Aid Commission was adjourned at 1:11 p.m.

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MICHELE DYKE  
SECRETARY

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**CALIFORNIA STUDENT AID COMMISSION  
COMMISSION TELECONFERENCE MEETING**

**MINUTES  
SEPTEMBER 25, 2007**

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A teleconference meeting of the California Student Aid Commission was held on Tuesday, September 25, 2007, at the CSAC Headquarters Building, 10811 International Drive, 2<sup>nd</sup> Floor, Executive Board Room, Rancho Cordova, CA.

Chair Louise McClain called the meeting to order at 4:00 p.m.

The following Commission Members were present via conference call:

Louise McClain, Chair  
Yasmin Delahoussaye  
Michele Dyke  
Sally Furay  
Dennis Galligani  
Dean Johnston  
Antonio Solórzano

The following Commission Members were present on-site:

Daniel Friedlander  
Lorena Hernandez

The following Commission Member was absent:

Alice Perez

Roll Call was taken and a quorum was recognized.

At 4:01 p.m., Commission Chair McClain recessed the Open Session and announced that the California Student Aid Commission would go into CLOSED SESSION to discuss and possibly take action on business matters of a proprietary nature pursuant to Education Code, section 69525(g)(3). Topics would include:

- Consideration of Default Fee Strategy
- Consideration of Budget Adjustments to the 2006-2007 Loan Program Budget for Inclusion of Voluntary Flexible Agreement (VFA) Revenue and Adjustments Required by the 2007-2008 State Budget
- Consideration of 2007-08 Loan Program Business Plan, Budget and Goals Proposal

At 4:57 p.m. Chair McClain adjourned the CLOSED SESSION meeting and reconvened the Open Session of the meeting of the California Student Aid Commission. She reported that no action was taken in the Closed Session meeting.

Due to complications with the conference call connection, the Open Session did not reconvene until 5:45 p.m.

**TAB 1 – CONSIDERATION OF THE CALIFORNIA STUDENT OPPORTUNITY ACCESS PROGRAM (CAL-SOAP) CHANGES AS A RESULT OF THE REDUCTION OF \$2.2 MILLION IN CAL-SOAP FUNDING IN THE 2007-08 BUDGET ACT**

Mr. Tom Mays, CSAC Public Affairs Director, reported that the 2007-08 State Budget Act cut the Cal-SOAP Projects' budget by \$2.2 million dollars. The Commission had directed staff to develop options for allocating the reductions. Staff presented two separate options for the Commission's approval. However, prior to taking any action, the Commission heard testimony from various Cal-SOAP representatives.

The following Cal-SOAP Consortia representatives were present on-site:

- Monica Roberts – Sacramento Cal-SOAP
- Monica Montenegro – East Bay Cal-SOAP
- Marisela Arce – North Valley Cal-SOAP

The following Cal-SOAP Consortia representatives were present via conference call:

- Regina Coletto – Merced
- Colleen Maldonado – Long Beach
- Bliia Yang – Santa Barbara
- Linda Doughty – San Diego/Imperial County
- Emalyn Lopus – San Francisco
- Pablo Reguerin – San Jose
- Lisa Przekop – Santa Barbara
- Katy Tremper – Southern San Joaquin/Kern County
- Yvette Santana-Soto – North Valley
- Jill Schertz – Napa Valley
- Adriana Perez – South County

Other representatives attending via conference call:

- Ed Aguilar – University of California, Davis
- Harry LeGrande – University of California, Berkeley
- Harold Hill Jr., National Association for the Advancement of Colored People (NAACP)
- Cynthia Phillips, Tri-City National Association for the Advancement of Colored People (NAACP)

Many of the representatives voiced their concerns on the delay of State budget. Their first quarter was scheduled to end on Friday, September 28<sup>th</sup>, and they have been operating without a budget or a contract.

Mr. Harry LeGrande, Interim Vice Chancellor, University of California Berkeley, Student Affairs expressed his concern about continuing service in the Solano County area. He reported that he had discussions with the Deputy Superintendent of the Fairfield Unified School District, California Maritime Academy and Napa Valley College, who have expressed their interest in being part of a future consortium for Solano County, along with the University of California, Berkeley.

Chair McClain questioned the Cash for College requirement in the contract. Mr. Mays clarified that staff recommends that the Cal-SOAP project directors be asked to continue their local services with the Cash for College Program. However, this requirement leaves the specific level of participation to the discretion of the project directors.

Ms. Despina Costopoulos, CSAC Cash for College Coordinator, added that staff met with the Cal-SOAP Project Directors to discuss the range of involvement by the Cal-SOAP Projects in the Cash for College Program. CSAC acknowledges that they need to be flexible in this requirement, and looked at what levels of service were provided in the past and how the budget cuts will affect the workshops. The Cal-SOAP Projects' assistance is vital. They not only reach out to the students, but also assist them in the process, and CSAC would like to continue working with them.

After discussion was completed, staff recommended the Commission support the project directors' funding formula, with slight adjustments to factor in \$131,250 for the Solano project – and also supported requests to modify the Cal-SOAP contracts. The staff recommendation maintained support for the California Cash for College program, and left flexibility in other program activities.

While any reduction in support funding will affect students in each program, staff agreed that the formula was equitable and softened the effect of the mandatory cut on students in the regions that have benefited from Cal-SOAP services for many years.

Therefore, on **MOTION** by Commissioner Delahoussaye, **SECONDED**, and **CARRIED**, the Commission approved staff recommendation of Option 2, as stated below:

**Option 2**

Adopt funding levels that include an allocation for the Solano region. The funding level for Solano in option 2 is one quarter of one-half of the original funding for this area, representing a 79 percent reduction in services to Solano area students. (This option proposes \$300,000 as a base, and subtracts \$75,000 for a planning grant to allow program principals to develop a new project.) The remaining \$225,000 is being distributed to the other 15 regional programs to further ease the budget reduction. This option would also modify the Cal-SOAP contracts to eliminate the transfer activity requirement, retain the requirement that each project continue participating in the Cash for College program, and allow projects to continue sponsoring the IGTC at their discretion.

In addition, implement the following funding levels:

**Table 2: 2007-2008 Cal-SOAP Funding levels, including Solano area**

	<b>2006-2007 Funding levels 2006-07</b>	<b>Retain Solano, Min 300K, Max 25.68%</b>	<b>Effective cut</b>
Central Coast	300,000	300,000	0.0%
Central Valley	370,000	311,910	15.7%
East Bay	673,683	500,546	25.7%
Greater Long Beach	300,000	300,000	0.0%
Los Angeles	850,000	631,550	25.7%
Merced	363,130	306,119	15.7%
North Valley	445,650	336,466	24.5%
North Coast	500,526	377,897	24.5%
Sacramento	455,834	344,155	24.5%
San Diego	1,250,000	928,750	25.7%
San Francisco	335,000	300,000	10.4%
So. San Joaquin	366,000	308,538	15.7%
Santa Barbara	642,833	477,625	25.7%
San Jose	620,511	461,040	25.7%
South County	465,000	351,075	24.5%
Solano	628,833	131,250*	79.1%
	8,567,000	6,366,920	

Executive Director Diana Fuentes-Michel reported that staff will be working with the project directors on a new methodology and long-range plan to utilize for the upcoming years.

**TAB 2 – CONSIDERATION OF RESPONSE TO FOLLOW-UP REPORT 2007-505 ISSUED BY THE BUREAU OF STATE AUDITS ON OR ABOUT SEPTEMBER 18, 2007**

Chair McClain stated that the report in Tab 2 of the agenda was informational, and no discussion was required.

Executive Director Michel reported that the Joint Legislative Budget Committee indicated that they will not reconvene until the new session begins in January 2008, and they do not anticipate the Committee to meet until February 2008. Staff were also informed that the second half of the report is not forthcoming.

There being no further business, the teleconference meeting of the California Student Aid Commission was adjourned at 6:30 p.m.

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MICHELE DYKE  
SECRETARY