

Action/Information Item

California Student Aid Commission

Consideration of Revisions to State Legislative Principles for 2008-09

The Governance and Monitoring Committee considered revisions to the annual Legislative Principles at its October 16th and October 31st Committee meetings. These revised Legislative Principles would apply to the second half of the 2007-08 legislative session, which will continue into the 2008-09 academic year.

Commissioners and Commission staff may utilize the Legislative Principles in developing positions on legislation and during budget and other policy discussions to convey general Commission policy positions.

Enclosed are a clean copy of the revised Legislative Principles and a redline version that shows each of the Committee's proposed revisions.

The Committee recommends the Commission approve the enclosed revised State Legislative Principles.

Responsible Party: Dennis Galligani, Chair
Governance and Monitoring Committee

**STATEMENT OF
LEGISLATIVE PRINCIPLES FOR 2007-08
(2nd Year of the 2-Year Session)**

The mission of the California Student Aid Commission (Commission) is to make education beyond high school financially accessible to *all* Californians. The Commission's goal is to ensure all California students learn about and apply for benefits provided through the Cal Grant Program and other specialized aid programs the Commission administers. The Commission serves the public interest by providing quality financial aid services, including student loans at a reasonable cost to those students who need financial assistance to attend a college or university.

It is essential that the Commission collaborate with the Legislature and the Administration to ensure that the Cal Grant program and other specialized aid programs are successful. Examples of collaboration include conducting Cal Grant promotional events, participating in, and supporting the Commission's mission. The continued commitment from the State to improve the availability and amount of financial aid is crucial to ensure educational access for all California students. This commitment strengthens the state's economic well-being by educating California's future workforce.

LEGISLATIVE OBJECTIVES

Due to an economic downturn and scarce General Fund resources, the Commission's programs, and the students we serve are vulnerable to General Fund reductions. The Commission will continue work to increase and expand the support of the Legislature and the Executive branch for the following:

- The Cal Grant Entitlement and Competitive Programs;
- All Specialized aid programs;
- Cal-SOAP, Public Awareness, and Cash for College programs as a State General Fund priority; and
- Continued evaluation of the opportunities offered through, and the potential impact to, the Commission and EDFUND model in light of the potential sale of EDFUND.

LEGISLATIVE PRINCIPLES

Recognizing the critical need to maintain Legislative and Executive support for postsecondary educational opportunities, the Commission adopts the following general statement of principles to guide staff in consideration of legislation and related policy issues:

- Foster Educational Access and Affordability;
- Ensure the Availability of Information on Educational Opportunities;
- Preserve the Flow of Financial Aid; and
- Ensure Adequate Support and Flexibility for Commission Operations and its programs.

Each of these principles is discussed in further detail below.

Tab 8.a

The guiding principles and objectives should be reviewed at the beginning of each legislative session to ensure they continue to be applicable, valid, and supportive of the Commission's mission.

FOSTER EDUCATIONAL ACCESS AND AFFORDABILITY

The Commission and the State should advocate for increased higher education opportunities for all California students. The Commission accomplishes this as follows:

- Encouraging the expansion of financial aid to the growing number of California college students who demonstrate financial need as the cost of completing a postsecondary education continues to rise;
- Cultivating legislative and budget actions that protect, strengthen, and increase the state's General Fund commitment to student financial aid;
- Encouraging continued bipartisan support for funding of statutory growth in the Cal Grant programs and for continued access to lower interest federal student loans administered through EDFUND ;
- Promoting expanded educational and transfer opportunities for students transferring from community colleges to four-year colleges; and
- Supporting legislation that will enhance the benefits to those participating in state or federal tuition savings plans that encourage saving while offering tax relief incentives, such as the ScholarShare Program.

FOSTER EDUCATIONAL ACCESS AND AFFORDABILITY - FUNDING OBJECTIVES FOR THE CAL GRANT PROGRAM

The Commission will advocate the expansion of the Cal Grant program and for increases in the value of all Cal Grant awards to help defray the cost of obtaining a postsecondary education. The Commission accomplishes this as follows:

- Providing continuous educational opportunities by adopting budget principles, which intend to, at a minimum, preserve the Cal Grant Entitlement and Competitive Program's eligibility requirements, preserve the value of the award, and maintain the current number of awards;
- Pursuing a state budget that is supportive of access and institutional choice through the Cal Grant Program;
- Advocating for funds that increase the number of competitive Cal Grant awards for qualified non-recipient students;
- Supporting full fee funding for Cal Grant students at the public universities and a maximum Cal Grant award that supports the ability of students to choose to attend a private university; and
- Continuing to help students fund their unmet financial need through low-cost loans under the federal student loan program.

ENSURE THE AVAILABILITY OF INFORMATION ON EDUCATIONAL OPPORTUNITIES

The Commission should work to expand and strengthen its early outreach efforts throughout the State. The Commission accomplishes this as follows:

- Continuing to advocate for adequate funding for outreach, academic preparation, and public awareness activities;

Tab 8.a

- Promoting the availability of information on college educational opportunities for all California students and families;
- Promoting policies that provide information and guidance to students and their families on alternative methods for financing a college education;
- Providing the support needed to maximize the effectiveness of the California Student Opportunity and Access Program (Cal-SOAP);
- Participating in the CSAC sponsored annual Legislative Briefing Day and Cash for College Program Kick-Off;
- Working in coordination and cooperation with our partners in the financial aid community including secondary schools and all segments of higher education;
- Recognizing that the Commission's outreach programs are designed to supplement and not supplant the activities that should be provided by secondary schools and districts; and
- Strengthening the Commission's partnership with the Superintendent of Public Instruction and local school districts.

PRESERVE THE FLOW OF FINANCIAL AID

The Commission should promote the uninterrupted flow of student financial aid to enable students to achieve their educational goals. The process of applying for and receiving student aid should be as simple as possible for students and their families, educational institutions, and other program participants. The Commission accomplishes this as follows:

- Advocating continued enhancements and improvements to the Grant Delivery System to promote transparency and ease of use in the system while maintaining speed and accuracy;
- Advocating federal and state actions that result in a streamlined application process for California students;
- Advocating policies that promote the cost-effective and timely administration of student financial aid programs; and
- Strengthening the Commission's communication and partnerships with financial aid administrators through written communication and other training opportunities related to program changes and informational updates.

ENSURE ADEQUATE SUPPORT AND FLEXIBILITY FOR COMMISSION OPERATIONS

The Commission should ensure that its administrative functions are sufficient to fulfill its essential mission and responsibilities. The Commission accomplishes this as follows:

- Maintaining adequate funding for the Commission's programs and administration;
- Administering its programs effectively and efficiently; expanding the use of advanced technological services and streamlined operations; providing high quality financial aid services to its customers and Californians at large; and retaining a qualified, professional workforce;
- Continue evaluating the opportunities offered through, and the potential impact to the Commission and EDFUND model in light of the potential sale of EDFUND; and
- Working with the Legislature and the Administration to ensure the Commission continues to maintain the resources, including funding, equipment, and skilled personnel necessary to ensure the uninterrupted flow of financial aid and services to California students.

PARTICIPATION IN THE LEGISLATIVE PROCESS

During the legislative session, the Commission should support these legislative principles by taking the following actions for proposed legislation at Commission meetings as appropriate:

No Position

- A bill that the Commission has not yet discussed or is not relevant to the Commission's mission or Legislative Principles.

Neutral

- A bill that is not within the scope of the Commission's responsibility or would not affect the Commission's operations or procedures.

Support

- Supports the Commission's mission and principles.

Neutral if Amended, Support if Amended, or Oppose unless Amended

- The Commission's position would change if recommended amendments are made to resolve implementation or policy concerns. This position should indicate which concerns must be resolved before the Commission would change its position.

Oppose

- A bill that is in conflict with the Commission's mission and principles; it cannot be administered; it is too costly and burdensome to the Commission, the students, and schools.

Sponsor

- A bill proposal that the Commission identifies as beneficial to preserve or enhance service to California students and families and central to the Commission's administration of its programs, its mission and its legislative principles.

Staff will draft an objective analysis of all legislative bills that affect the Commission. All positions will be in a "pending" status until the Commission has the opportunity to review the legislation and analysis and take an official position.

Staff will request the Commission's involvement during the legislative session as the opportunity arise, including but not limited to:

- Discussions related to the January Governor's Budget, 2-year bills and new proposals beginning in January;
- The Commissioners should participate in the CSAC sponsored annual Legislative Briefing Day;
- Commissioners should work with CSAC staff to arrange visits with member offices to promote the Mission and advocate for the passage of Commission supported legislation;
- The Commissioners should also work with legislative budget committee staff to preserve the Cal Grant program and maintain adequate funding for Commission operations; and Commission staff will develop and provide Commissioners with an advocacy binder to aid the Commissioners in communicating Commission policy and messaging.

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8.b

Action/Information Item

California Student Aid Commission

Consideration of Revisions to Commission Governance Policies

At its September 6-7, 2007 meeting, the Commission adopted its Governance Policies and assigned the review of proposed revisions to the policies to the Governance and Monitoring Committee.

The Governance and Monitoring Committee met on October 16, 2007 and October 31, 2007 to discuss proposed changes to the Governance Policies. The Committee will meet again on December 10, 2007 to continue its discussion.

The Committee is recommending revisions to the Introduction, the Ends Policies and the Commission Governance Process Policies. (Tab 8.b.1)

Responsible Party: Dennis Galligani, Chair
Governance and Monitoring
Committee



Governance Policies

Adopted by the Commission on

September 6, 2007

**INCLUDES PROPOSED REVISIONS FROM
THE GOVERNANCE AND MONITORING COMMITTEE
(Noted by bold/underlined text)**

Introduction

In early 2007, the California Student Aid Commission began working to develop the Governance Policies and to clarify the roles and responsibilities for itself, the EDFUND Board of Directors and their respective staffs.

On September 6, 2007, the Commission adopted Governance Policies. The Governance Policies are a result of an open collaborative process led by the Commission. The Commission developed the Governance Policies through the leadership of an Ad Hoc Committee and assistance of a consulting group with input from EDFUND and CSAC management and their respective staffs.

The Commission's Governance and Monitoring Committee is responsible for reviewing the policies and recommending to the Commission any further necessary enhancements. The goal of the Commission is to continue to strive to improve and refine its policies.

This document is subject to revision given the dynamic financial aid environment with pending and new federal and State legislation. For example, Senate Bill 89 (Chapter 182, Statutes of 2007), enacted on August 24, 2007, authorizes the sale, or an alternative financial arrangement to the sale, of the California Student Aid Commission's loan guarantee function and nonprofit auxiliary, EDFUND. This law authorizes the Director of the Department of Finance to act as the agent for the sale. The Commission recognizes that, in some instances, the provisions of this law may necessitate certain deviations from the policies.

Items noted with an asterisk (*) identify policies that may require modification.

Purpose and Types of Policies

By statute, the California Student Aid Commission is the governing body responsible for California's student **grant State administered financial aid** and loan guaranty programs. The policies in this document set forth how the Commission will govern and oversee these programs – its expectations, and the roles and responsibilities of the Commission and program staff in fulfilling those expectations. There are five categories of policies:

Ends Policies. These policies set forth the broad outcomes to be achieved by the Commission's **grant State administered financial aid** and loan guaranty programs.

Commission Governance Process Policies. These policies define how the Commission itself will operate (for example, the role of the Chair and committees).

Assignment and Responsibility Policies. These policies delineate the responsibilities assigned by the Commission to the Executive Director, the EDFUND Board/President, and staff in the Federal Policy and Programs Division.

Executive Parameters. These policies state the parameters within which the Executive Director and EDFUND Board/President will carry out the responsibilities assigned to them.

Monitoring and Oversight Policies. These policies define how the Commission will monitor organizational performance, based on the policies in the other four categories.

Within each of these five areas, policies are written at three levels:

- First Level: A succinct, global statement as an “umbrella” covering the policy category.
- Second Level: Policies defining the major sub-categories within that policy category.
- Third Level: Specific policy statements delineating each sub-category in more detail.

Entity and Program Names

Throughout this document, the California Student Aid Commission organization as a whole (including its auxiliary, EDFUND) is referred to as “CSAC.”

- The Commission’s **grant State administered financial aid** programs, including related specialized grant, scholarship, loan assumption, and outreach programs administered by CSAC staff, are referred to as the “**grant State administered financial aid** program.”
- The Commission’s loan guaranty programs and related outreach efforts, administered by EDFUND, are referred to as the “loan program.”
- The five entities that comprise CSAC are referred to as:

The Commission: the appointed governing body of the entire organization.

Grant program State administered financial aid staff: civil service staff who operate the **grant State administered financial aid and outreach** programs.

FPPD staff: Federal Policy and Programs Division staff who support the Commission in its oversight of EDFUND.

The EDFUND Board: the Commission-appointed governing body of the nonprofit.

Loan program staff: the employees of EDFUND who operate the loan program.

Reasonable Interpretation

Those being directed by these policies (the Commission, Executive Director, EDFUND President, etc.) are authorized to act based on a “reasonable interpretation” of them as written. This is similar to the “reasonable person test” that has been utilized in law for generations.

Ends Policies

These policies set forth the broad, long-term outcomes to be achieved by the Commission's **grant State administered financial aid** and loan programs.

Global Policy: Ends

The Commission's **grant State administered financial aid** and loan programs provide students and families access to postsecondary education by:

- Informing them about the postsecondary education opportunities available to them.
- Providing financial resources – grants, scholarships, loan guarantees, etc. – to enable them to finance a postsecondary education.
- **Serving and C**aring about each student and the **student's his or her** family, **and serving them** in a manner that is supportive, sensitive, and empowering.

Ends Policy 1: Grants and Specialized Aid to California Students

Eligible California students will receive financial assistance in the form of grants through the Cal Grant Entitlement Program (Cal Grant A and B), the Cal Grant Community College Transfer Entitlement Program (Cal Grant A and B), the Cal Grant C Program, the California Chafee Foster Youth Program, and other specialized programs as authorized by the Governor and the Legislature in the annual Budget Act and through interagency agreement, and approved by the Commission. Examples of these specialized programs include:

- APLE – Assumption Program of Loans for Education, a teacher incentive program
- SNAPLE NF - State Nursing Assumption Program of Loans for Education for Nursing Faculty
- Robert C. Byrd Honors Scholarship Program
- Child Development Grant Program
- Law Enforcement personnel Dependents Grant Program
- National Guard Assumption Program of Loans for Education

Prospective students and their families, particularly those who are low-income and first in their family to attend college, will participate in the Commission's outreach programs (such as Cal-SOAP and Cash for College) and will receive information about college planning and preparation, the cost of attending college, and accessing all types of financial aid (including from federal, state, institutional, and private sources).

The Commission may add new programs **from time to time**, provided that adequate funding is available to operate those programs in the manner and to the standards delineated by the Commission. As the state agency responsible for administering statewide financial aid programs, the Commission will work with the executive and legislative branches of state government to identify appropriate funds to **adequately effectively** administer **the Commission's new** programs. **in a manner which will provide for the effective administration of the Commission's programs.**

Ends Policy 2: Student Loans and Services

Through the Commission's loan guaranty programs ("loan program") administered by the Commission's auxiliary EDFUND, students and families will receive financial assistance in the form of loans through the Federal Family Education Loan Program (FFELP) and other programs as authorized by State and federal law and approved by the Commission. In addition, borrowers may refinance any or all of their outstanding federal student loans into a FFELP Consolidation Loan guaranteed by CSAC. California will be a primary focus for the loan program; however, given the national competitive nature of the FFELP program, the loan program is available to students and families nationally, pursuant to annual and strategic plans, approved by the EDFUND Board and adopted by the Commission.

To assist students in reaching their educational goals, EDFUND will provide a range of products and premier customer service to borrowers, schools, and lenders that meet or exceed those provided by EDFUND's competitors in this highly competitive national marketplace. EDFUND will also:

- A. Continuously invest in the development of technology to enhance the effectiveness and efficiency of EDFUND programs internally and for customers.
- B. Provide effective and responsive default aversion programs.
- C. Provide students and families with useful information on college planning and selection, career planning, financial aid, and debt management.
- D. Provide administrative, technical, and programmatic support to the Commission.
- E. **Partner with external organizations in an effort to reach all students, especially underserved communities.**
- F. **Identify ways to better collaborate with CSAC to work more effectively and efficiently.**

Ends Policy 3: Maximizing of Services and Revenues

In order to provide the greatest range of services at the least cost to students, families, and institutions, and "to maintain the fiscal viability of the auxiliary" per California Education Code Section 69526(b)(2), the Commission, EDFUND Board, and loan program staff will take all reasonable steps to optimize FFELP revenues, within the limitations prescribed in other policies herein.

EDFUND will seek to generate annual loan program revenues net of expenses to accomplish the following outcomes, in order of priority:

First Priority: Fund EDFUND operations in a manner that ensures the availability of FFELP loans and **provide the provision of** high quality, caring services to students and their families.

Second Priority: Fund the loan program in a manner that maintains EDFUND's short- and long-term financial viability, ~~(which may include serving students and families in other states)~~ as well as Commission oversight. Short-term viability includes maintaining the minimum reserve levels established by the Commission for the FFELP Federal Fund (pursuant to the Higher Education Act), Operating Fund, and EDFUND Operating Reserve Fund. Long-term financial viability includes the ability to maintain these reserve levels, and to invest in program development and service delivery enhancements that will maintain competitiveness and enhance long-term revenue generation **to better serve students and our customers.**

Third Priority: To the extent that funds are available, fund the administrative costs of the **grant State administered financial aid** program, outreach programs, and any costs related to the operation of the Commission itself without reliance on state general fund support.

Commission Governance Process Policies

These policies delineate how the Commission will operate – its governance approach, as well as the role of the Commission, Commission Chair, Commission Committees, and individual Commissioners. In addition, they delineate the authority of the Commission, its Committees, and individual Commissioners in making requests of staff.

Global Policy: Commission Governance Process

The Commission is the governing body that has statutory responsibility for CSAC **grant State administered financial aid** and loan programs, on behalf of the people of California and the executive and legislative branches of state government. As such, the Commission will ensure that the CSAC organization and its component entities achieve the desired outcomes set forth by the Commission in these policies, the Operating Agreement, their respective strategic and annual plans, and other relevant outcomes. The Commission will ensure that the CSAC organization and its component entities avoid unacceptable actions and situations, as set forth in the policies herein. The Commission will also take a proactive role in legislative matters in order to maximize the effectiveness of its programs in serving students and their families.

The EDFUND Board is the Board of Directors of a California nonprofit corporation, EDFUND, which is the auxiliary of the Student Aid Commission. California Education Code section 69522(b) states: *“The auxiliary organization shall be established and maintained as a nonprofit public benefit corporation subject to the Nonprofit Public Benefit Corporation Law ... except if there is a conflict between this article and the Nonprofit Public Benefit Corporation Law, this article shall prevail.”* Furthermore, section 69525 states: *“The auxiliary organization established pursuant to Section 69522 shall be governed by a board of directors nominated and appointed by the commission.”* Thus, the Commission **acknowledges and will** hold the EDFUND Board accountable to fulfill its fiduciary responsibilities, and will work with the Board to achieve effective oversight of the loan program while minimizing unnecessary duplication of effort.

Commission Governance Policy 1: Governance Philosophy

Integrity and sound stewardship are paramount in the governance of all Commission activities. The Commission will govern according to all applicable laws and based on policies set forth in this Commission Policy document. The Commission will also conduct itself according to the following principles:

- In deliberating and making decisions, maintain a central theme of serving the interests of students.
- Make the greatest possible contribution to **ensure** the success of the **grant State administered financial aid** and loan programs.
- Operate these programs in a manner that makes efficient use of organizational resources, including the resources used to support the activities of the Commission itself.
- Maintain the highest ethical, legal, and accounting standards.
- Focus on outward vision and strategic leadership rather than administrative detail.
- Be proactive rather than reactive.
- Be a leader in public policy development and the legislative arena.

- **Be objective and E**ncourage diversity in viewpoints.
- Make decisions in an efficient, timely manner.
- As a Commission, make collective rather than individual decisions.

Commission Governance Policy 2: Commission's Role

The Commission will maintain its accountability and responsibility for the **grant State administered financial aid** and loan programs, and the oversight thereof. Although the EDFUND Board, **grant program State administered financial aid** staff, and loan program staff play a critical role in supporting the Commission as it fulfills its responsibilities, the Commission retains the ultimate authority and responsibility.

The Commission will clearly delineate roles and responsibilities of the Commission, EDFUND Board, **grant program State administered financial aid** staff, FPPD staff, and loan program staff. These roles and responsibilities will avoid unnecessary duplication of effort, leverage the expertise resident in the organizations (including among staff, Commissioners, Board members, advisory committees, etc.), **encourage collaboration**, and emphasize efficient use of all resources.

In furtherance of the mission of CSAC, the Commission will play a proactive and supportive role in the development of public policy and legislation at both the federal and state level. The Commission will also maintain a proactive working relationship with key elected and appointed officials in order to make policy decisions with an understanding of state and federal policy.

In furtherance of the Commission's fiduciary and oversight responsibilities over all Commission programs, the Commission will produce the necessary outputs and documentation to assure the State of California, the federal government, and other key stakeholders that CSAC is fulfilling its mission, as well as its obligations under statutes, regulations, and other applicable law.

Governance Process

- A. The Commission will maintain written governance policies that address the broadest level of organizational decisions and situations. The Commission will be the initiator of policy, and will take responsibility for updating its policies and adding, deleting, or modifying provisions as needed.
- B. The Commission will cultivate a sense of group responsibility and accountability. The Commission will not use the expertise of individual members to substitute for the judgment of the Commission, although the expertise of individual members may be used to enhance the understanding of the Commission as a body. Nor will the Commission rely on the expertise of staff to substitute for the judgment of the Commission, although staff will be expected to provide complete and thoughtful information to support Commission deliberation and decision-making. **This will create the opportunity for more collaboration.**
- C. The Commission will enforce upon itself the necessary discipline to govern with excellence, including regular attendance at meetings, thorough preparation by each member for each meeting, adherence to its policy-making principles, and respect of roles. The Commission will evaluate its governance effectiveness annually and take steps to improve its effectiveness as a governing body.
- D. Continual education and development for Commissioners will include a mandatory, comprehensive orientation of new members, which will provide:
 - 1) An understanding of the Commission's governance process.

- 2) A working knowledge of key elements of the **grant State administered financial aid** and loan programs.
- 3) An understanding of mandates set forth by the Fair Political Practices Commission, Bagley-Keene Open Meeting Act, California Public Records Act, and all applicable law and other governance requirements.
- 4) A working knowledge of state agencies, state and federal legislative and budget processes, and non-profit organizations.

Commission education and development will also include periodic presentations and/or Commission discussion that:

- 5) Further informs Commissioners regarding the **grant State administered financial aid** and loan programs.
 - 6) Informs Commissioners regarding upcoming public policy and legislative issues.
 - 7) Supports improvement in the Commission's governance process.
- E. The Commission will make decisions by majority vote. Once a decision is reached, all Commissioners will, in their role as Commissioners, speak as a single official voice and act accordingly.
- F. The Commission will seek and give full consideration to broad public input from stakeholders.
- G. The Commission will comply with all procedural requirements for state commissions, including those set forth in the Bagley-Keene Open Meetings Act.

Planning

- H. The Commission will ensure development of **grant State administered financial aid** and loan program strategic and annual plans, as further described in the Executive Parameters policies herein.
- I. The Commission will ensure that a strategic plan is developed for the CSAC entity as a whole, based on the **grant State administered financial aid** and loan programs' strategic and annual plans. This overall strategic plan will focus on the linkages between the two organizations and how synergies can support the overall mission of the Student Aid Commission.

Program Oversight

- J. The Commission will conduct fiscal and programmatic oversight of the **grant State administered financial aid** and loan programs **to ensure that program funds are spent economically and in accordance with State and federal laws and regulations**, and will monitor organizational performance based on the policies herein.
- K. The Commission will maintain **aggressive regularly scheduled** internal audits **units** in the **grant State administered financial aid** program and the loan program. **and will seek to maintain and improve operating efficiency and effectiveness through continuous internal auditing and organizational assessment.**
- L. **Grant State Administered Financial Aid Program**
- 1) The Commission will ensure that **grant program State administered financial aid** staff have put in place all required procedures to comply with the requirements of the State Administrative Manual, State Procurement Manual, and any other applicable state mandated procedures, unless the Commission has received waiver or exemption from such compliance.

- 2) The Commission will conduct regular performance evaluations of the **State administered financial aid operations** ~~of the grant program organization~~, in furtherance of the Commission's fiscal and fiduciary responsibilities. These evaluations will assess: the efficiency and effectiveness of the grant delivery system in reaching the intended beneficiaries; the extent to which the **grant program organization State administered financial aid staff** has provided caring and supportive customer service, made effective use of resources, and fulfilled Commission policies herein.

M. Loan Program

- 1) The Commission will understand, acknowledge, and hold the EDFUND Board accountable for its fiduciary responsibilities as the board of a California non-profit corporation, as set forth in California Education Code Sections 69522(b) and 69525.
 - a) 69522(b): "The auxiliary organization shall be established and maintained as a nonprofit public benefit corporation subject to the Nonprofit Public Benefit Corporation Law ... except if there is a conflict between this article and the Nonprofit Public Benefit Corporation Law, this article shall prevail."
 - b) 69525: "The auxiliary organization established pursuant to Section 69522 shall be governed by a board of directors nominated and appointed by the commission."
- 2) As specified in California Education Code Section 69526 (b)(c), the Commission, in consultation with the Department of Finance and the Board of Directors of EDFUND, shall do the following:
 - a) Institute a standard accounting and reporting system for the management and operations of EDFUND.
 - b) Implement financial standards that will ensure the fiscal viability of EDFUND. The standards shall include proper provision for professional management, adequate working capital, adequate reserve funds for current operations and capital replacements, and adequate provisions for new business requirements.
 - c) Institute procedures to ensure that transactions of EDFUND are consistent with the mission of the Commission.
 - d) Ensure that EDFUND shall not accept any grant, contract, bequest, trust, or gift, unless it is so conditioned that it may be used only for purposes consistent with the policies of the Commission.
- 3) As specified in California Education Code Section 69522(c)(2), the Commission will conduct regular performance evaluations of the operation of EDFUND in furtherance of its fiscal and fiduciary responsibilities for approved programs.

Personnel Practices

- N. The Commission will evaluate the Executive Director's performance annually. This evaluation will be based on: organizational accomplishment of the Commission's Ends Policies and compliance with other Commission policies herein; performance goals and professional development objectives adopted annually by the Commission; and the Executive Director duty statement developed and adopted by the Commission.

Internal and External Communication

- O. The Commission will maintain ongoing communication through its Executive Director to grant program State administered financial aid staff, and through the EDFUND Board/President to the loan program staff. This includes giving consideration in its deliberations and decision-making to the perspective of grant State administered financial aid and loan program staff, as represented by management. In turn, given the breadth of responsibility of the Commission, program managers will bring issues to the Commission in a timely manner with brevity, clarity of thinking, succinct analysis of each issue and options for addressing it, and whenever possible a recommended course of action.
- P. The Commission will maintain a working relationship with, and seek the advice and perspectives of, key stakeholder groups and advisory bodies.
- Q. In furtherance of the above governance philosophy and policies regarding public policy and legislation, the Commission Chair or an appropriate Committee Chair or Commission member will participate in significant interactions with key elected and appointed officials, supported by grant State administered financial aid and/or loan program staff.

Commission Governance Policy 3: Commission Chair's Role

The Commission Chair will ensure the integrity and fulfillment of the Commission's governance policies and process, and that the Commission's conduct is consistent with statutes, regulations, and other applicable law. As necessary, the Chair represents the Commission to outside parties. Specifically, the role of the Chair is to:

- A. Coordinate the planning of the Commission's activities for the year ahead, and develop the agenda for each Commission meeting, with input from Commissioners, the Executive Director, and the EDFUND Board/President.
- B. Preside at Commission meetings, ensuring that meeting discussion focuses on those issues, which, according to Commission policy, clearly belong to the Commission to decide or to monitor.
- C. Ensure that meeting discussion and deliberation is conducted in a manner that is fair, open, and thorough, and at the same time is efficient, focused and timely.
- D. Organize the Commission's Committees as established per the Committees policy below, and maintain contact with the Committee Chairs to ensure that Committees are operating effectively.
- E. Meet periodically with the Executive Director and EDFUND Board/President, and make decisions as necessary to ensure implementation of the Commission's policies herein.
- F. Execute specific documents as authorized by the Commission, except as otherwise provided by law.
- G. Represent the Commission to the organization internally and to external parties, consistent with the Commission's "Commissioner Role" policy below.

Commission Governance Policy 4: Commissioner Role and Code of Conduct

The Commission commits itself and its members to ethical, professional, and lawful conduct, including proper use of authority and appropriate decorum when acting as Commission members.

- A. Commissioners will be responsible to understand and act according to the provisions of the Bagley-Keene Open Meetings Act and the Fair Political Practices Code.
- B. Once the Commission has reached a decision, which is accomplished by majority vote, all Commissioners will, in their role as Commissioners, speak with a single official voice and act accordingly.
- C. Commissioners will abide by the **Political Reform Act regarding conflict of interest Commission Code of Conduct, which will be adopted and revised as necessary by the Commission.**
- D. **The Commission will adopt for itself, and adhere to, an Incompatible Activities Policy.**
- E. **Commissioners will engage in and support consensus-building. Commissioners will not communicate with individual Commissioners in a lobbying manner that generates discord and has the potential to divide the Commission into factions.**
- F. In communicating with any external stakeholder (e.g., the public, the media, representatives of financial or educational institutions or associations, etc.), Commissioners will not convey information that is proprietary or confidential, and will protect intellectual property and confidentiality of consumer identity (e.g., students and families). When representing the Commission, as distinct from speaking as individuals, Commissioners will not:
 1. Discuss issues, policies, decisions, or programmatic information of any substance without appropriate authorization from the Commission Chair.
 2. Take **an official** position contrary to that of the Commission, or represent interests contrary to those of the Commission, without making it explicit that such position or interests are not those of the Commission, **and are being taken by the individual as a private citizen, not in their role as a Commissioner. If such a position is taken as an individual, that Commissioner will inform and without informing** the Commission Chair of such communications in advance whenever possible, or if not possible, within **two working days within 24 hours** thereafter.
 3. Conduct significant discussion of issues, policies, or future Commission decisions upon which the Commission has not taken a position in writing, without first conferring with the Commission Chair or his/her designated Commissioner(s) regarding the issues, policies, or Commission decisions to be discussed.

Commission Governance Policy 5: Committees

Commission committees are established to help the Commission fulfill its responsibilities by assessing policy issues, alternatives, and implications to support Commission deliberation, **and carry out other tasks as assigned by the Commission.** This policy applies to any group that is formed by Commission action, whether or not it is called a committee and regardless of whether the group includes Commission members.

- A. Committees may not speak or act for the Commission except when formally given such authority for specific and time-limited purposes.
- B. Committees may not exercise authority over staff, except where specifically authorized by the Commission. Committees are to avoid over-identification with organizational parts rather than the whole, and will at all times act in accordance with the policies herein.
- C. Ad Hoc committees will be created only as necessary to collect ideas and information, **and to analyze, and then recommending** how the Commission may address specific issues or situations.

Commission Governance Policy 6: Making Requests of Staff

- A. Commission officers or committees may make reasonable and necessary requests for information or assistance within the areas of responsibility assigned to them by the Commission. However, if the Executive Director or EDFUND Board/President can substantiate that fulfillment would require an undue amount of staff time or funds, or would be substantially disruptive to normal business operations, they may appeal such requests to the Commission Chair (thus, the burden of substantiation is on the Board/executive).
- B. Individual Commissioners (not acting as officers or on behalf of a Commission committee) may request information or assistance within areas of their individual responsibility assigned to them by the Commission. However, the Executive Director or EDFUND Board/President may decline to fulfill requests that they, in their judgment, deem to require an undue amount of staff time or funds, or to be substantially disruptive to normal business operations. If the Commissioner nonetheless wishes to pursue the request, that Commissioner must make and substantiate the request to the Commission Chair (thus, the burden of substantiation is on the individual Commissioner).