

**Information Item**

***California Student Aid Commission***

Executive Director's Report

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Enclosed for review is a written report from the Executive Director of the California Student Aid Commission.

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

***Responsible Staff:*** Diana Fuentes-Michel,  
Executive Director



**EXECUTIVE DIRECTOR'S REPORT  
NOVEMBER 29, 2006**

Dear Commissioners,

Fall is here and it has been a tremendously busy time for the Commission and its staff. The Commission continues to focus on improving the delivery of our programs while managing the day to day work associated with administering approximately \$1.6 billion in federal and state financial aid. Commission staff is preparing the upcoming 2007-08 academic year through its training of financial aid staff, organization and planning of the upcoming public awareness campaign and the statewide coordination of its Cash for College campaign. We will be sharing details of our outreach campaign with you at the Commission's November meeting. Commission staff has spent a great deal of time working to incorporate many of the suggestions of financial aid and outreach staff in the field and we are hopeful that this year's campaign will be even more successful than previous years.

Consuming much of our attention and effort is the continued push to improve the delivery of our programs. Phase One of the Commission's Grant Program Enhancement Project is underway with our Information Technology and Program Administration and Services Division staff working with our consultants on transitioning our existing technology to a real time data base. It is our expectation that we will be working through this year to implement changes to our data base that will result in a new delivery system for 2007-08. The funding of the second phase of this project will be under consideration in the 2007-08 state budget process. The goal of this project is to improve the timeliness of providing data to both students and institutions so that more timely and accurate determinations of student eligibility and grant funding processing will occur. I continue to be impressed by the hard work of our staff as they work to accomplish this goal.

**Chafee Foster Youth Grants**

As many of you know, we have also worked diligently to improve the timing and the delivery processes associated with the federal Chafee Foster Youth Program. The Chafee program is administered by the Commission through an interagency agreement with the State Department of Social Services, which is the lead agency responsible for the overall foster youth program statewide. This supplemental grant program goal is to assist foster youth, who are 18-24 years of age, enroll and succeed in a postsecondary

education program. This federal grant is a part of a larger effort to assist foster youth in their transition to college and work. The Commission awarded this year's recipients in late October, the earliest delivery of the award yet, and continues to award Chafee grants to students whose institutions complete and file a student need analysis report. We will be working with the Department of Social Services on a three-year interagency agreement for the 2007-08 federal fiscal year. This academic year, the Commission worked with the Department of Social Services (DSS) to obtain state funds to match available federal funds for foster youth. These funds now total over \$13 million dollars and are available once the State Budget Act is signed and the DSS authorizes the Commission to administer the program through its interagency agreement.

Commission staff will be working on the policy and fiscal issues that need to be resolved with Department of Social Services to accomplish the three-year interagency agreement. We expect that consultation will continue through the stakeholder meetings that the Department and the Commission have had to gain the input of independent living coordinators, foster youth advocates and financial aid program staff. We will continue to keep you posted.

### **Federal Policy and Programs**

The completion of the contractual process for hiring external consultants to assist the Commission in its development of roles and responsibilities for its administration of the federal student loan program is almost here. Commission staff expect that the consultants to begin shortly after the Commission meeting. We anticipate that the Commission will hear a final report on this work at its April 19, 2007 meeting. The Commission will be hearing a request to extend the current operating agreement with its auxiliary organization so as to incorporate the findings of this report into its deliberation of a new operating agreement. As you know, the current operating agreement has been extended since 2002.

Last week, the Commission staff was briefed on the work of Watson and Wyatt on the EdFund's incentive compensation and executive compensation policies. We will be continuing our review and discussion of these policies with the Commission at its November meeting.

While we have held the hiring of a new chief of the Federal Policy and Programs Division until a new operating agreement is in place, the Commission has hired a new staff services manager, Ms. Wendi Dodgin to assist Janet McDuffie, acting chief of the division, in managing the work of the division. Ms. Dodgin comes to us with over 25 years of state service, having worked as a correctional officer, fish and game warden and most recently, program manager over federal health and human services programs. Please join me in welcoming Wendi to the Commission. We have also hired a new accounting officer, Intania Alcoran, who has both public and private accounting experience. She will be assisting us in our financial analysis, reimbursement and accounting of revenue and expenditures in the federal student loan program.

## **New Federal Legislation and Policies**

Recent federal legislation signed by President Bush, the Pension Protection Act, has made Section 529 qualified tuition program and prepaid tuition program plans a permanent addition to federal student aid. The previous law was scheduled to sunset in 2010. This legislation allows parents to invest in college funds with tax free investments and withdrawals for tuition, fees and books, in state and now private plans. The new law also allows the federal Treasury Department to develop regulations to govern the plans and prevent abuse.

Also new rules have been issued by the U.S. Department of Education's Office of Postsecondary Education that end the disqualification of colleges from Title IV funds if most of their students take Internet-based courses or most of their curricula were based on measuring student comes instead of credit or clock hours. The new rules apply to Direct, Federal Family Education and the Perkin loan programs. They do not affect the new Academic Competitiveness and National Science and Mathematics Access to Retain Talent grant programs, which will be handled through separate rulemaking.

These changes and others that are as a result of the Higher Education Reconciliation Act are being reviewed by the Commission staff. We anticipate that the Commission will hear a more comprehensive report on the various changes to federal law at its first meeting of the 2007 year.

## **Looking Ahead**

In recent weeks, the Advisory Committee on Student Financial Assistance, the National Commission on the Future of Higher Education and the College Board have reported on the issue of affordability and access to our postsecondary education institutions. A recent Census Bureau report, *Financing the Future:2001-2002*, found that most college students (11.2 million) now receive financial aid. However, the complexity of financial aid system remains a concern as noted by the National Commission on the Future of Higher Education report, which called for a simpler federal application since the current form, "is longer and more complicated than the federal form". The National Commission's report focused on the need for change in existing processes and focus, finding that "government and institutional policies created in a different era are impeding the expansion of models designed to meet the nation's workforce needs".

In the year ahead, the Commission will be challenged by a continued budgetary deficit, and increased demands for educating California's future workforce. Since the implementation of the new Cal Grant High School and Transfer Entitlement Programs, the Commission has expanded its programs to serve now over 300,000 students. In the last several years, the State has expanded its teacher loan forgiveness program (almost \$58 million) and funded a new nursing forgiveness program for nursing college faculty and in-state faculties. The Commission is positioned to meet its mission, "making education beyond high school possible". Commission staff looks forward to working with the Commission on the development of a new strategic plan that focuses on the challenge of meeting its mission and serving both traditional and non-traditional students gain a postsecondary education.