

## Exhibit 2

### Action Item

#### *California Student Aid Commission*

Consideration of a contract of up to \$300,000 for information consulting services to assist in developing and implementing a data processing system for the Middle Class Scholarship Program

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**Summary:** We are seeking authority for the Executive Director to enter into a contract totaling no more than \$300,000 to hire two contract programmers and a business analyst/project manager for five (5) months to assist in developing and implementing a data processing system for the Middle Class Scholarship (MCS) system.

We requested that this item be added to the October teleconference meeting agenda because we need to redirect extensive Information Technology (IT) staff resources to reprogram the Grant Delivery System (GDS) to conform to federal changes in the way student information from the FAFSA is provided to us. The reprogramming must be completed by the end of December. The redirection of IT staff, however, increases the risks to other critical information technology projects necessary to administer Cal Grants and the Chaffee Foster Youth Program for the cycle starting in January 2014, and the MCS program cycle starting in March 2014.

Approval of the contract is a reasonable way to reduce those risks. Assistance from contract personnel to develop and implement the MCS system will provide for the best short-term and long-term deployment of IT resources and staff.

#### Background

The US Department of Education makes annual changes to its Institutional Student Information Report (ISIR), which GDS obtains electronically for each student who files a FAFSA. These annual changes normally require only minor programming of GDS. However, the scope and duration of the work required to program the ISIR changes for 2014 are unprecedented, due to the dated design of GDS. Bottom line: IT staff must do a time-consuming line-by-line analysis of a half-million lines of GDS program code before programming the changes.

This GDS programming must be completed, tested and deployed by December 31, 2013, because GDS is fundamental to the operation of Cal Grants, the Chafee Program, as well as the MCS program. This requires a redirection of IT staff to meet the deadline.

IT staff resources, however, are being utilized on other critical projects that must be completed by January 2014. These projects include:

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- Grant Delivery System (GDS) Assessment and Oracle Database Migration

IT staff is currently working with a contractor to migrate GDS from the current “10g” version of the Oracle database management system to a newer “11g” version. CSAC needs to migrate to the newer version in the next 30-60 days to avoid significant risk to GDS arising from Oracle’s decision to eliminate technical support of the 10g version, including security patches, upgrades, and technical troubleshooting. The migration affects CSAC’s major programs, including Cal Grants, the Chafee Program, the MCS program, and the Dream Act.

The Commission originally authorized this contract at the June 20-21, 2013 Commission meeting, and ultimately ratified it at the September 19-20, 2013 Commission meeting,

- Dream Act Application Changes for Academic Year 2014-15

IT staff is currently working with a contractor to program Dream Act Application changes for 2014, including changes that conform the application to the USED ISIR changes. All changes must be completed by January 6, 2014 to accept Dream Act applications.

- Middle Class Scholarship System for Academic Year 2014-15

IT staff is currently working on the MCS data exchange specifications for transferring data between CSAC and the UC/CSU campuses. This data exchange is critical for establishing middle class eligibility for students.

IT staff is scheduled to begin the next steps – the design, development and testing of a MCS system – in the next 30 days to be ready by the MCS implementation deadline of March 2014 for the 2014-15 academic year.

We have determined that the best use of limited IT resources is to redirect IT staff to work on the ISIR changes and to engage contract personnel to assist in developing and implementing the MCS system. IT staff will provide oversight and direction, and IT staff and staff from the Program Administration and Services Division will do the testing of the MCS system.

If we do not redirect IT staff to work on the ISIR changes, the risks that the Cal Grant Program, the Chafee Program, the Dream Act, and MCS will not be implemented on time in 2014 significantly increase. The contract is a reasonable step to avoid that increase in risks to our programs.

The 2013-14 Budget included funds for us to hire one 12-month limited-term position to complete the information technology work needed for MCS. To date, we have not found a qualified candidate for this limited term position, and would apply those funds towards the cost of the contract. The additional funds needed for this contract are available from salary savings associated with positions vacant in July and August.

We are using the state’s leveraged procurement agreement process to solicit programmer services from information technology companies. The Executive Director

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must obtain approval from the Commission prior to entering into a new contract or executing a contract amendment of over \$100,000.

Normally we would be able to provide you with the specific vendor when seeking authorization to enter contracts over \$100,000. However, we have concluded that the contract for MCS work needs to be in place as soon as possible in order to meet the project deadline of March 1, 2014.

We sent out requests for offers mid-October and anticipate selecting the vendor and entering into a contract late-October. We will report the selected vendor at the next meeting if the Commission adopts the recommended action.

**Recommended Action:** Authorize the Executive Director to enter into a contract of up to \$300,000 in 2013-14 with a selected vendor to assist in developing and implementing a data processing system for the Middle Class Scholarship Program.

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

Chris Edwards  
Chief Technology Officer