

Exhibit 2

Action Item

Approval of minutes of April 10, 2014 and May 15, 2014

DRAFT

**CALIFORNIA STUDENT AID COMMISSION
MEETING MINUTES**

April 10, 2014

A meeting of the California Student Aid Commission was held on Thursday, April 10, 2014 at the California Student Aid Commission, Boardroom, located at 11040 White Rock Road, Rancho Cordova, California.

Commission Chairman John R. McDowell, Jr. called the meeting to order at 1:08 p.m.

The following Commissioners were present:

John R. McDowell, Jr., Chairman
Nancy Anton
Brian Conley
Jacqueline Doud
Hal Geiogue
Devon Graves
Harry Le Grande
Jamillah Moore
Wm. Gregory Sawyer
Jack Scott

The following Commissioners were absent:

Ana Beltran, Vice Chair
Cris Arzate, Secretary
Michele Siqueiros

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Chairman McDowell called for public comment and, hearing none, proceeded to the next agenda item.

California Student Aid Commission

CHAIR'S REPORT

Chairman McDowell provided an update on his meetings with key policy makers, including Ms. Jamie Callahan, Special Advisor to the Executive Secretary for Governor Jerry Brown; Department of Finance representatives; Mr. Gene Wong of Senate President pro Tempore Darrell Steinberg's office, and Ms. Mónica Henestroza of Assembly Speaker John Pérez's office. He also met with Ms. Judy Heiman of the Legislative Analyst's Office and gave a presentation before the California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA) All Directors Meeting.

Chairman McDowell also reported that he and Executive Director Fuentes-Michel had assisted Dr. Brice Harris, California Community Colleges Chancellor, with his communication to the colleges urging their cooperation with reconciling student files.

The following agenda item was discussed out of sequence.

PRESENTATION BY REPRESENTATIVES OF STUDENT ORGANIZATIONS, INCLUDING CALIFORNIA STATE STUDENT ASSOCIATION (CSSA), UNIVERSITY OF CALIFORNIA STUDENT ASSOCIATION (UCSA) AND STUDENT SENATE OF CALIFORNIA COMMUNITY COLLEGES (SSCCC)

Mr. Taylor Valmorez, External Affairs Senator for the Student Senate for California Community Colleges (SSCCC), reported on his organization's activities. Highlights include:

- Advocating for Cal Grant legislation, i.e. Assembly Bill (AB)(Quirk-Silva), Senate Bill (SB) 798 (De León) and SB 174 (De León); and debit card legislation, i.e. AB 1927 (Frazier); and
- Cal Grant reform, such as increasing the amount and accessibility of Cal Grant awards for community college students, and covering the cost of textbooks and living costs.

Mr. Anthony Gibson, Chief of Staff for the California State Student Association (CSSA), commented on the CSSA's activities, including:

- Advocacy for increased California State University (CSU) funding and bills related to debit cards, Cal Grants and general financial aid;
- An online education white paper and a partnership with the CSU Chancellor's Office to enhance the online concurrent enrollment program, Course Match; and
- Efforts to reform CSSA's funding policy by instituting a voluntary system-wide fee.

Mr. Gibson reported that the CSSA Board of Directors would be meeting soon to take positions on several measures and promised to share the Board's decisions with the Commission. More discussion followed about funding policy, Cal Grant legislation and online education. Mr. Gibson indicated he would share CSSA's white paper with the Commission. Additionally, Dr. Williams was asked to include other organizations' and segments' positions on measures in future reports.

California Student Aid Commission

CONSENT CALENDAR

- **APPROVAL OF MINUTES OF JANUARY 23, 2014 AND FEBRUARY 20-21, 2014**

The consent calendar items were taken up separately.

MOVED (Conley), **SECONDED** and **CARRIED**, the Commission **APPROVED** the minutes of January 23, 2014, as presented.

In Favor: Commissioners Anton, Conley, Doud, Geiogue, Le Grande, Scott and McDowell

Abstained: Commissioners Graves, Moore and Sawyer

Absent: Commissioners Arzate, Beltran and Siqueiros

MOVED (Conley), **SECONDED** and **CARRIED** Unanimously, the Commission **APPROVED** the minutes of February 20-21, 2014, as presented.

In Favor: Commissioners Anton, Conley, Doud, Geiogue, Graves, Le Grande, Moore, Sawyer, Scott and McDowell

Absent: Commissioners Arzate, Beltran and Siqueiros

EXECUTIVE DIRECTOR'S REPORT

Executive Director Diana Fuentes-Michel presented her written report. She announced that Memorandums of Understanding with the College Access Foundation and Educational Trust-West have been signed; and staff continues to work towards agreements with the Los Angeles Area Chamber of Commerce, Stanford University and Harvard University. Executive Director Fuentes-Michel also provided updates on the Senate and Assembly hearings, the Commission's budget change proposal for the Grant Delivery System (GDS), and the Federal College Access Challenge Grant.

CONSIDERATION OF AMENDMENTS TO INSTITUTIONAL PARTICIPATION AGREEMENTS

Mr. Tae Kang, Program Support Services Manager II for Cal Grant Operations, presented the proposed changes to the Institutional Participation Agreements (IPAs) to increase the competitive award utilization rate, noting that many proposed amendments resulted from audit and compliance findings as well as student feedback on campus disbursement experiences. He reported that there was consensus among the work groups that recommendations 1 – 3 were acceptable, but 4 – 7 required additional discussion.

Mr. Tim Bonnel, Student Financial Assistance Programs Coordinator with the California Community Colleges Chancellor's Office (CCCCO), commented that the CCCCCO has concerns about the first recommendation - providing unit information on the enrollment files because it is unclear to them what the Commission plans to do with the data. Furthermore, many colleges offer terms within terms and may not have an accurate enrollment status until later in the term. Mr. Bonnel also raised concerns about the second recommendation – to utilize a batch upload process as the primary method to report payments, adjustments and updates – because community colleges currently do not have that capability and need more time to buy the resources and program their systems.

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Executive Director Fuentes-Michel expressed her surprise at Mr. Bonnel's comments as Commission staff had indicated to her that there was agreement among the stakeholders who participated in the consultations and this was the first time she had heard there was not.

Mr. Kang responded that some colleges are already using the batch upload process, which is an automated process that only requires keying in data one time, transmitting payment data to WebGrants, saving time and effort, as well as allowing students to receive their Cal Grant payments more timely.

Mr. Bryan Dickason, Senior Programs Manager with the Program Administration & Services Division, commented that the Commission does not intend to use the unit data for payment purposes, but rather as a way to communicate to students who are under-utilizing their award. Mr. Kang added that the enrollment files with unit data would help the Commission identify unpaid students and allow the Commission to communicate effectively with them. Mr. Bonnel raised concerns about advising students to add a class to obtain more financial aid, emphasizing the importance of students working with their college advisors on their education plans. Additional discussion ensued.

Executive Director Fuentes-Michel expressed concern about being unable to move forward with implementing the Commission's directive to ensure that every student who is offered a Competitive Cal Grant award receives the award. She suggested that in the interest of time, the Commission consider having a special meeting to continue its discussions and make one more attempt to meet with the Chancellor to resolve the issue.

RECESS

Chairman McDowell recognized the Commission's guest, Ms. Mónica Henestroza, Special Assistant to Assembly Speaker John A. Pérez. Ms. Henestroza shared her background experience and discussed the higher education issues that are important to the Speaker, such as the implementation of the Middle Class Scholarship and increasing the number of competitive Cal Grants. Some discussion followed and Ms. Henestroza expressed appreciation for the Commission's proactive approach to legislation and policy issues.

RECONVENE

Acting Chair Conley reconvened the meeting in Chairman McDowell's absence.

CONSIDERATION OF AMENDMENTS TO GOVERNANCE POLICIES

Commissioner Geiogue summarized the Commission's process of amending its Governance Policies, including consultations with the Personnel, Evaluation & Nominations (PEN) Committee and the Strategic Policy & Planning (SPP) Committee. In addition, he and Chief Deputy Yamanaka endeavored to incorporate every comment made by all Commissioners. Commissioner Geiogue discussed all of the major changes to the policies, including elimination of EdFund related policies; addition of duties and election procedures for officers; inclusion of the Commission's legislative priorities; and reduction of certain micromanaging policies.

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MOTION (Scott), **SECONDED** and **CARRIED** Unanimously, the Commission **ADOPTED** the amended Governance Policies, as presented.

In Favor: Commissioners Anton, Doud, Geiogoue, Graves, Le Grande, Moore, Sawyer, Scott and Conley
Absent: Commissioners Arzate, Beltran, McDowell and Siqueiros

STRATEGIC POLICY & PLANNING COMMITTEE REPORT, INCLUDING

❖ CONSIDERATION OF STATE AND FEDERAL LEGISLATION AND ISSUES AFFECTING COMMISSION PROGRAMS

Acting Committee Chair Doud commented that the Committee considered several legislative proposals, keeping in mind the Commission's policy priorities as well as potential costs. Dr. Angelo Williams, Legislative Director, presented the Committee's recommendations.

MOTION (Doud), **SECONDED** and **CARRIED** Unanimously, the Commission **ADOPTED** the Committee's recommendations as follows:

- AB 1456 (Jones-Sawyer) – NEUTRAL Position; and SUPPORT the assignment of a study to the Student Aid Commission
- AB 330 (Chau) – SUPPORT Position
- Trailer Bill Language – SUPPORT Position
- AB 1976 (Quirk-Silva) – SUPPORT Position

In Favor: Commissioners Anton, Doud, Geiogoue, Graves, Le Grande, Moore, Sawyer, Scott and Conley
Absent: Commissioners Arzate, Beltran, McDowell and Siqueiros

MOTION (Doud), **SECONDED** and **CARRIED** Unanimously, the Commission **ADOPTED** the Committee's recommendation to SUPPORT AB 2160 (Ting).

In Favor: Commissioners Anton, Doud, Geiogoue, Graves, Le Grande, Moore, Sawyer, Scott and Conley
Absent: Commissioners Arzate, Beltran, McDowell and Siqueiros

Dr. Williams will include a matrix summarizing the legislative bills, the Commission's positions, and associated policy priorities in future agendas. Additionally, he will propose a process by which the Commission can determine the merit of legislative proposals and whether amendments are needed.

❖ UPDATE ON COMPETITIVE PROGRAM

Acting Committee Chair Doud reported that the Committee heard an update on the Competitive Cal Grant Program and the progress being made on achieving the Commission's goal of maximum utilization of awards.

Lastly, Acting Committee Chair Doud announced that the Committee may consider the following issues at a future meeting:

- Cohort Default Rate (CDR) Manipulation; and
- Review of the public-private relationship to provide data to outside agencies.

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STUDENT IMPACT COMMITTEE REPORT, INCLUDING

❖ UPDATE ON DREAM ACT IMPLEMENTATION

Committee Chair Graves reported that the Committee received an update on the Dream Act implementation and heard presentations from the statewide student associations. The Committee is interested in hearing from the private and for-profit student groups in the future.

PUBLIC COMMENT

Ms. Margie Carrington, Past President of the California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA), provided comments on the proposed IPA amendments. She indicated that she had participated in the consultation meetings and reiterated the same concerns raised earlier by Mr. Bonnel about the use of unit data. She urged the Commission to postpone taking action and to continue discussion. Some discussion ensued about the Commission's use of unit data to trigger communications to students who are underutilizing their awards.

NEW BUSINESS TO BE CONSIDERED AT FUTURE COMMISSION MEETINGS

The Commission may consider the following topics at future meetings:

- Amendments to the Institutional Participation Agreement;
- Strategic Planning (June 2014); and
- Student awareness of how units affect financial aid eligibility and transferability.

ADJOURNMENT

There being no further business, the meeting of the California Student Aid Commission was adjourned at 3:50 p.m.

CRIS ARZATE
SECRETARY

California Student Aid Commission

DRAFT

CALIFORNIA STUDENT AID COMMISSION TELECONFERENCE MEETING MINUTES

May 15, 2014

A teleconference meeting of the California Student Aid Commission was held on Thursday, May 15, 2014 at the California Student Aid Commission, Boardroom, located at 11040 White Rock Road, Rancho Cordova, California and the various locations listed on the second amended meeting notice dated May 14, 2014.

Commission Chairman John R. McDowell, Jr. called the meeting to order at 10:00 a.m.

The following Commissioners were present:

John R. McDowell, Jr., Chairman
Ana Beltran, Vice Chair
Cris Arzate, Secretary
Jacqueline Doud
Hal Geiogoue
Devon Graves
Jamillah Moore
Wm. Gregory Sawyer
Jack Scott
Michele Siqueiros

The following Commissioners were absent:

Nancy Anton
Brian Conley
Harry Le Grande

Roll Call was taken and a quorum was recognized.

CHAIR'S REPORT

Chairman McDowell commented that he was pleased with the positive areas of the Budget related to the Commission and wished to thank the Governor's staff for their support.

PUBLIC COMMENT

Chairman McDowell called for public comment and, hearing none, proceeded to the next agenda item.

California Student Aid Commission

UPDATE ON 2014-15 STATE BUDGET ISSUES, INCLUDING MAY REVISION AND ITEMS RELATING TO COMMISSION PROGRAMS AND OPERATIONS

Ms. Janet McDuffie, Chief of the Administration & External Affairs Division, presented an overview of the May Revision, including comparisons to last year's budget and a summary of the funding increases for the Commission's programs. She also provided details on the changes to the Cal Grant and Loan Assumption Programs, as well as the Commission's operations budget. Discussion ensued regarding the Governor's decision not to include funding to replace the Grant Delivery System (GDS). Staff is working with the Department of Technology to resolve concerns about the Feasibility Study Report so that the Commission may resubmit the budget change proposal by the fall.

Further discussion ensued, and Ms. McDuffie explained that an error was made with regard to the reestablishment of personnel in that the Commission did not seek approval from the Department of Finance before spending the funds included in the 2013-14 budget. Staff is currently working with the Department of Finance to provide the data they need to verify that funds were indeed only used to reestablish services that are no longer being provided by ECMC.

Lastly, Ms. McDuffie provided an update on the Federal College Access Challenge Grant and the Commission's Maintenance of Effort request.

UPDATE ON LEGISLATION

Dr. Angelo Williams, Legislative Director, provided an update on Commission bills, noting that bills that in suspense will be dealt with on May 23rd.

NEW BUSINESS TO BE CONSIDERED AT FUTURE COMMISSION MEETINGS

The Commission may discuss the following topics at future meetings:

- SB 70 and Job Placement (Special Meeting);
- Legislative Update;
- Student Loan Debt; and
- Funding for California Student Opportunity & Access Program (Cal-SOAP) and Cash for College.

ADJOURNMENT

There being no further business, the meeting of the California Student Aid Commission was adjourned at 11:01 a.m.

CRIS ARZATE
SECRETARY