

Exhibit 10

Information Item

Executive Director's Report



Executive Director's Report November, 2014

Dear Commissioners,

Fall is here and colleges and universities across the state are back in session. The annual CASFAA conference is next week and the Commission staff has been busy participating for it and the counselor training and student outreach events for the incoming Class of 2015. This year's implementation of the new Middle Class Scholarship (MCS) Program has been a priority for our internal operations team who has worked successfully to award this year's first-time recipients. The final eligibility rules for the program were adopted in the final 2014-15 State Budget that was signed by Governor Brown in late June. The Commission staff and our partners at the University of California and California State University worked closely with us to make the changes to our data systems and to work out the administrative issues involved in coordinating institutional aid and the Middle Class Scholarship. The program will continue to roll out over the next three years as the enabling legislation called for a phasing-in of the MCS appropriation. The amount of the MCS scholarship will increase based on a formula that is factors in the amount of scholarship/grant aid that the student receives no exceed this year, 14 percent to a maximum of 40 percent of the system wide tuition/fee in 2017-18. The challenge for the Commission is how we communicate the amount of the scholarship that a student might be eligible to receive until full implementation is achieved.

Commission staff has also been focused on increasing the paid rates of our Cal Grant students. In reviewing our paid rates for the California Dream Act, two policy issues in determining AB 540 certification have come to our attention. First, that our undocumented students, who may initially seek to enroll in either the University of California and the California State University, or a community college, may receive certification at one of the three public institutions, and not be accepted or enroll in that public segment. The student may attempt to enroll in another public institution and then be required to go through the AB 540 certification process again. The

California Student Aid Commission

Commission staff will be recommending that the Commission seek legislation to allow students to use their AB 540 certification received at one public institution at another public institution.

Another issue that is impacting our paid rates is that AB 540 students are not being packaged on some campuses until their high school graduation is verified. First-time students who are citizens or permanent residents apply for admissions to our public colleges and universities and are admitted and packaged with financial aid prior to their final high school transcript being received. On some college and university campuses, AB 540 students are being treated differently in that their aid is not packaged until their final high school transcript is received. This practice results in AB 540 students being packaged in late July or August. In many cases, this timing is too late to receive consideration of institutional aid as some aid is on a first-served basis. Often the aid packages do not cover the cost of attendance and results in students seeking to enroll in a community college. Again, students are considered late in the process for registration and orientation.

Commission staff will be discussing these issues in our legislative item. Since our last Commission meeting in September, the Commission participated in the Assembly Subcommittee No. 2 on Education Finance on the Implementation of the Middle Class Scholarship (MCS). I represented the Commission on a panel that included Chris Carter, Director of Student Financial Support representing the University of California, and Dean Kulju, Director of Student Financial Aid Services and Programs representing the California State University. Commission Devon Graves represented the California State University and spoke to the importance of the Middle Class Scholarship.

COMMISSION PROGRAMS UPDATE

Here below are updates from each of the divisions.

❖ Program Administration and Services Division (PASD) Update

Award Processing and Notifications

Cal Grant Awards

- The 2015-16 Grade Point Average (GPA) upload process, which includes the Non-SSN GPA for high schools and colleges, opened in WebGrants on Monday, September 29, 2014.
- The Commission completed the selection of the 2014-15 September 2 Competitive Cal Grant A and B awards on October 7 and notified the students.
- 2013-14 Cal Grant reconciliation deadline moved up a few weeks earlier to December 3, 2014. The early date is necessary due to the Commission's preparations for Institutional Student Information Record (ISIR) changes, system enhancements, and the release of the online 2015-16 California Dream Act Application.

Middle Class Scholarship

- Middle Class Scholarship Update – As of 10/24/14, there have been 75,306 MCS award offers made (up from 72,965 on 9/11/14). The total awarded amount is now \$56,096,283 as of 10/24/14 (up from \$53,567,952 on 9/11/14).

California Student Aid Commission

California Dream Act

- PASD and IT staff are working on the changes to the 2015-16 California Dream Act application. The 2015-16 Dream Act application is expected to be released in early January 2015.
- Staff have partnered with Educators for Fair Consideration (E4FC) to identify issues related to helping Dream Act students complete the application process for state financial aid and to get their funds paid.

Training, Workgroups and Outreach Programs

- On September 27, 2014, CSAC was represented at the Beyond the Dream event held at Sacramento City College. PASD Chief Catalina Mistler gave a presentation to approximately 30 students and parents, and staff hosted an information table at the break.
- On October 4, 2014, CSAC hosted a table at the Aloha Festival in Sacramento to provide information on Cal Grants and MCS.
- CSAC staff is on the road again with the annual high school counselor training. The 2014 High School Counselor Training began on October 24, 2014 and will continue through November 20.
- On October 27, 2014, Catalina Mistler spoke at the opening session of the annual 2014 National Association of State Student Grant and Aid Programs (NASSGAP) conference held in San Diego, California. Catalina welcomed 44 state representatives to California and provided a brief overview of the various financial aid programs offered by the state of California including the Dream Act and Middle Class Scholarship programs.
- On October 29, 2014, staff began webinar training on the 2015-16 GPA Submission and will continue until February 18, 2015. High schools and colleges are encouraged to attend the webinar training for a detailed step by step tutorial on the GPA upload process.
- Executive Director Diana Fuentes-Michel and Commissioner Ana Beltran spoke at the CSAC Town Hall session at the annual California Association of Student Financial Aid Administrators (CASFAA) conference held on November 3, 2014 in Anaheim. Staff provided training during the interest sessions on the Cal Grant, Dream Act and the Middle Class Scholarship.
- The CalDreamAct.org webpages were updated and enhanced for the 2015-16 application season. Internal staff and external partners conferred to add missing information and alleviate points of confusion for students, parents, high school counselors, and college financial aid administrators.
- Staff continues to work in partnership with the Consulate General of Mexico in preparation of the Steps to College 2015 fair. Commission staff is currently partaking in the various fair committees and will participate at the event on February 7, 2015.

California Student Aid Commission

- CSAC is currently processing the 2014-15 Cal-SOAP contracts and working with the Project Directors on the Middle Class Scholarship Program outreach efforts for the upcoming new academic year. Follow up webinars were held On October 23, 2014 for continued training on the new online database.

Competitive Workgroups

- The Cal Grant Competitive Scoring Matrix Workgroup continues to meet to examine Competitive selection component ideas recommended by The Institute for College Access and Success (TICAS) and other workgroup members. Emphasis is being placed on identifying the most disadvantaged students with a zero EFC.
- The Cal Grant Competitive Communications Workgroup also continues to meet to discuss Competitive notifications and the implementation of the 2015-16 Cal Grant Competitive requirement for all newly awarded Competitive Cal Grant recipients.

Transfer Entitlement Workgroup

- A Transfer Entitlement workgroup was formed to review the outreach, administrative and program processes of the Transfer Entitlement program. The workgroup consists of Commission staff and external participants including all school segments as well as other interested groups. The first workgroup meeting was held via webinar on Friday, October 10, 2014 and proposed several recommendations outlined in the Entitlement tab.

California Cash for College

- High schools, campuses and community groups can use the one-stop Cash for College workshop management site to register a Cash for College workshop and order available materials for the 2015 workshop series to be held beginning in early January and through the March 2 Cal Grant deadline. Organizations can login to accounts at www.calgrants.org/organizers to view and download workshop, organization, and regional **How Did We Do 2014** reports. HDWD reports provide student financial aid outcomes, and three year trend data on student demographics and quality markers from prior year workshops.

❖ **Information Technology Services Division Update**

GDS Modernization Project

- The Feasibility Study Report was submitted to the Department of Technology and is awaiting final approval in January 2015.
- This project is worth \$28 million and will take 5-6 years to complete.
- A Budget Change Proposal was also submitted to Department of Finance for the GDS Modernization project and is awaiting final approval.

Middle Class Scholarship

- Middle Class Scholarship software development is in the final phases and will be completed this month.

California Student Aid Commission

Dream Act

- Enhancements needed for 2015/16 are currently being done. These enhancements include revisions to text, logic, and student application.

California Student Opportunity & Access Program (Cal-SOAP)

- Phase 1 was completed and Phase 2 is underway which will include reports, student survey, and improved user authentication

Other

- All of CSAC staff completed mandatory security awareness training.

❖ **Administration & External Affairs Division Update**

Budgets

- Staff submitted the initial 2015-16 Budget Change Proposals (BCPs) in September. BCPs for additional resources were submitted in October based on legislation passed after the deadline for submitting initial BCPs.
- Staff is working with Department of Finance (DOF) to submit changes to the 2014-15 budget and to develop the baseline for the 2015-16 year. The 2014-15 adjustments included the annual adjustments for Employer Retirement Rates and Employee Compensation Adjustments. These adjustments must be submitted on new forms for the new FISCAL Hyperion Budgeting system, which requires more work than the previous system.

Research

- Staff submitted the Cal Grant Baseline Budget Forecast, APLE and SNAPLE-NF projections for 2013-14, 2014-15 and 2015-16 to DOF in October. Staff is working with the Program Administration and Services Division (PASD) to update and refine projections for the Middle Class Scholarship (MCS) program.
- Staff continues to assist PASD and Information Technology (IT) with technical changes related to MCS implementation.
- Staff certified the latest three-year cohort default rate (CDR) and graduation rate most recently published by the United State Department of Education (USED) on October 1, 2014. Staff have completed their analysis to develop the 2015-16 lists of eligible and ineligible schools for the Cal Grant program. PASD will notify schools that have changed their status from eligible to ineligible and vice versa. Once this notification has been completed, the 2015-16 lists will be provided and posted to the Commission's website.

Accounting

- Staff are working with IT, PASD and the State Controller's office staff to set up the new MCS reconciliation process.
- Staff are reviewing purchase orders to ensure Sales and Use tax information is reported to the Board of Equalization for calendar years 2012, 2013 and 2014.

California Student Aid Commission

- Staff are working with PASD to collect outstanding balances from Paul Douglas Teacher Scholarship and Cal Grant T recipients who did not provide required teaching services and are therefore obligated to repay the funds received.
- Staff are assisting the Program Compliance staff to initiate recovery of overpayments made to schools in prior years.

Personnel Services

- With the implementation of the Affordable Care Act (ACA) the State Controller's tracking database will be up and running effective January 1, 2015. Web-based training modules have been provided by CalHR, and will be completed by staff no later than December 31, 2014. In addition to the training modules, CalHR will be providing an on-line ACA training tool kit. Departmental Human Resources staff will be required to enter specific health benefit status information for all employees into the database.
- As noted below, since July 1, 2014 to the present, staff have processed employees as either new hires or separations (transferring to another state agency, retiring or leaving state service).

Division	New Hires	Separations
Information Technology Services	1	1
Program Administration & Services	8	4
Administration & External Affairs	0	1
Legal & Audit Services	0	0
Strategic Policy, Media & Communications	1	0
Executive	0	0
Total	10	6

Facilities & Business Services

- Business Services is working with the Department of General Services (DGS) to locate a new site for our downtown office. DGS has extended the lease for our current location while continuing that search.
- The CSAC mailroom staff has started mailing out training manuals for the High School Counselor's Workshop Series organized by PASD. Financial Aid Counselor training, provided by CSAC staff in various locations throughout the state, started in the beginning of October.
- Although most of the responsibilities for Cal-SOAP has been transferred to PASD, business services staff is preparing the contract.

California Student Aid Commission

Below is an update on the actions taken by the Commission at its September 18-19, 2014 meeting.

	ACTIONS TAKEN BY THE COMMISSION	STATUS UPDATE
1	<p>Consent Calendar</p> <p>On September 18th, the Commission approved the Consent Calendar, which included the minutes of June 19-20, 2014 and the 2015 Commission Meeting Calendar Dates.</p> <p><i>In Favor: Commissioners Anton, Beltran, Doud, Geiogue, Le Grande, Graves, Sawyer, Moore, Scott, Siqueiros and McDowell</i> <i>Absent: Commissioners Arzate and Conley</i></p>	<p>The meeting minutes will be signed by the Secretary.</p>
2	<p>Consideration of adopting regulations to interpret and make specific Section 69433.2 of the Education Code relating to the Cal Grant participating institution data reporting requirements (Rulemaking File Z2014-0630-01)</p> <p>On September 18th, the Commission unanimously approved the staff recommendation to 1) adopt the proposed regulations and authorize staff to complete the regulatory process, including making any necessary changes; and 2) authorize staff to amend the 2012-16 Institutional Participation Agreement to include the language and substantive requirements of the adopted regulations.</p> <p><i>In Favor: Commissioners Anton, Beltran, Doud, Geiogue, Le Grande, Graves, Sawyer, Moore, Scott, Siqueiros and McDowell</i> <i>Absent: Commissioners Arzate and Conley</i></p>	<p>Staff has finalized the rulemaking file and, on October 21, 2014, submitted the file to the Office of Administrative Law (“OAL”). OAL has 30 business days to rule on the file, making the deadline December 5, 2014. Assuming that OAL approves the file, the regulations will be effective January 1, 2015.</p>
3	<p>Proposal for Student Engagement with the Commission</p> <p>On September 19th, upon recommendation by the Student Impact Committee, the Commission unanimously approved the following proposal for student engagement:</p> <p>The Commission staff and Chair of the Student Impact Committee shall:</p> <ul style="list-style-type: none"> • Keep an updated contact list for student organizations that have similar policy goals to those of the Commission; • Engage student organizations in periods of transition and encourage the invitation of student leaders to attend a Commission meeting for introductions and to discuss organizational goals for the year; • Keep an updated list of the student organizations’ legislative priorities and positions 	<p>Staff is currently updating the contact list for student organizations and identifying those that have similar Commission policy goals to engage student leaders to attend Commission meetings.</p>

California Student Aid Commission

	ACTIONS TAKEN BY THE COMMISSION	STATUS UPDATE
	<p>on legislation; and</p> <ul style="list-style-type: none"> • Interact with student organizations on advocacy and take an active role in orienting the organizations on financial aid bills that are in common interest to both the Commission and students. <p><i>In Favor: Commissioners Anton, Arzate, Beltran, Doud, Geiogue, Le Grande, Graves, Sawyer, Moore, Scott, Siqueiros and McDowell Absent: Commissioner Conley</i></p>	
4	<p>Update on the Dream Act</p> <p>On September 19th, the Commission unanimously approved the following:</p> <p>1) To send a letter to the Secretary of Selective Service addressing male Dream Act students in California, including data broken down by gender; <i>(which was amended to include all male Cal Grant applicants, and to direct staff to provide the gender difference data to the Commission prior to sending the letter in order to see if there is a difference, and if there is not, then to still consider decoupling the requirement, but to have the Commission better informed; and to copy the letter to national representatives in Congress or the Senate);</i> and</p> <p>2) To send a formal communication to the U.S. Department of Education requesting that they actively include a note in its FAFSA completion advice to state, “except California.”</p> <p><i>In Favor: Commissioners Anton, Arzate, Beltran, Doud, Geiogue, Le Grande, Graves, Sawyer, Moore, Scott, Siqueiros and McDowell Absent: Commissioner Conley</i></p>	<p>1) Staff has contacted the Secretary of Selective Service and a call has been scheduled with the director to discuss the requirement and how we can address the issue. Staff is working to collect the data and will provide an update at the February 2015 Commission meeting.</p> <p>2) Staff has made contact with the U.S. Department of Education to revise the message to inform DACA students to file the California Dream Act Application.</p>
5	<p>Consideration of 2014-15 California Student Opportunity and Access Program (Cal-SOAP) Contracts</p> <p>On September 19th, upon recommendation by the Strategic Policy and Planning Committee, the Commission unanimously approved the staff recommendation as follows:</p> <p>Because federal Challenge Grant funds are currently being held by the federal government, to be released upon future action by the State, and interim funding mechanisms are currently being pursued, the Commission authorizes the Executive Director to take the following actions, subject to the condition that the 2014-15 Cal-SOAP contracts shall authorize spending by the Cal-SOAP consortia only to the extent and timing of authorized and available funds:</p> <p>1. Execute the 2014-15 Cal-SOAP contracts to</p>	<p>We are processing the 2014-15 Cal-SOAP contracts. We have made a change in the awarding of the database funds. We are redirecting the funds from South County Gilroy Cal-SOAP to San Diego and Imperial Counties (San Diego) Cal-SOAP. The San Diego Cal-SOAP has indicated the entire \$206,643 can be used for the database while still meeting the other requirements (stipends and matching resources). Additional information is provided in Exhibit 6.</p>

California Student Aid Commission

	ACTIONS TAKEN BY THE COMMISSION	STATUS UPDATE
	<p>provide up to \$6,727,157 in total baseline funding.</p> <ol style="list-style-type: none"> 2. Provide up to \$206,643 in additional 2014-15 contract funding to the South County Gilroy Cal-SOAP to continue development of the new database. This funding is subject to the existing statutory requirements of 30% for stipends for student tutors and 8% for indirect costs. 3. Provide \$500,000 in additional 2014-15 contract funding for outreach for the Middle Class Scholarship Program. 4. Reallocate the 2014-15 Cal-SOAP funding as equitably as possible, if the Challenge Grant award amount is different than the anticipated amount of \$14,746,800. 5. Reallocate funds as equitably as possible any consortia cannot utilize all of their allocated funds. 6. Continue to collect, review and assess additional Cal-SOAP data and provide an update at the November Commission meeting. <p><i>In Favor:</i> Commissioners Anton, Arzate, Beltran, Doud, Geiogoue, Le Grande, Graves, Sawyer, Scott, Siqueiros <i>Absent:</i> Commissioners Conley, Moore and McDowell</p>	

Sincerely,

Diana Fuentes-Michel

Executive Director

1975-1979 Cal Grant B recipient

1979 graduate of Loyola Marymount University, Alpha Sigma Nu (The National Jesuit Honorary Society) member