

Exhibit 5

Action Item

Approval of minutes of September 18-19, 2014

CALIFORNIA STUDENT AID COMMISSION MEETING MINUTES

September 18-19, 2014

DRAFT

A meeting of the California Student Aid was held on Thursday, September 18, 2014 and Friday, September 19, 2014 at the Commission's Board Room located at 11040 White Rock Road, Rancho Cordova, California.

Thursday, September 18, 2014

Chairman John R. McDowell, Jr. called the meeting to order at 2:08 p.m.

The following Commissioners were present:

John R. McDowell, Jr., Chairman
Ana Beltran, Vice Chair
Nancy Anton
Jacqueline Doud
Hal Geiogue
Devon Graves
Harry Le Grande
Jamillah Moore
Wm. Gregory Sawyer
Jack Scott
Michele Siqueiros

The following Commissioners were absent:

Cris Arzate, Secretary
Brian Conley

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Mr. Brian Heinemann, President of the California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA), provided an update on the meeting held on September

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15th with Commission staff and segmental representatives to discuss the Grant Delivery System and WebGrants application.

CONSENT CALENDAR, including

- ❖ **Approval of Minutes of June 19-20, 2014**
- ❖ **Consideration of 2015 Commission Meeting Calendar**

The Commission Unanimously **APPROVED** the Consent Calendar.

In Favor: Commissioners Anton, Beltran, Doud, Geioque, Le Grande, Graves, Sawyer, Moore, Scott, Siqueiros and McDowell

Absent: Commissioners Arzate and Conley

Chairman McDowell clarified that the vote to approve the 2015 Commission Meeting Calendar is for the meeting dates only.

Mr. Keith Yamanaka, Chief Deputy Director, provided an overview of the estimated costs of possible meeting locations in northern and southern California. Some discussion ensued about a strategy for determining meeting locations, taking into consideration the cost and accessibility of constituents. An ad hoc committee was established consisting of Commissioners Le Grande and Sawyer.

CHAIR'S REPORT

Chairman McDowell thanked Commissioner Graves for his initiative to involve students more in the Commission business and noted that Commissioner Graves is also assisting with updating the Commission's website. Chairman McDowell then provided a brief update on the Federal College Access Challenge Grant (Challenge Grant).

EXECUTIVE DIRECTOR'S REPORT, INCLUDING

- ❖ **California Student Opportunity and Access Program (Cal-SOAP) Project Directors' Report**

Executive Director Diana Fuentes-Michel presented her written report. Additional highlights include:

- KCRA Channel 3 financial aid series, "Chasing Paper," and Cal Grant Call-In Event;
- Participation in Congressman Garamendi's Women's Initiative Network Roundtable;
- Attendance at the Governor's Luncheon in honor of the President of Mexico;
- Update on the Fund Your Future publication;
- Submittal of Budget Change Proposals to the Department of Finance; and
- Implementation of the Middle Class Scholarship.

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)

Ms. Keri Tippins, General Counsel and Chief of the Legal and Audits Services Division, provided an update on the progress of the rulemaking process. Some discussion followed about the issue of

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visiting students and students who are taking only noncredit courses. Ms. Tippins clarified that the issue of noncredit courses is not addressed in the current rulemaking package and will need to be included in a new rulemaking process.

MOVED (Siqueiros), **SECONDED** and **CARRIED** unanimously, the Commission **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.

In Favor: Commissioners Anton, Beltran, Doud, Geioque, Le Grande, Graves, Sawyer, Moore, Scott, Siqueiros and McDowell

Absent: Commissioners Arzate and Conley

CONSIDERATION OF JUNE 2014 STRATEGIC PLANNING SESSION ITEMS, INCLUDING

❖ **Consideration of the Commission's Request to Notice a Closed Session at Every Commission Meeting Under the Bagley-Keene Open Meeting Act**

Ms. Tippins presented her memorandum on the Open Meeting Act and the exceptions to the Open Meeting Act that allow boards and commissions to hold a closed session. Some discussion followed. Ms. Tippins clarified that if a Commissioner is aware in advance of an upcoming meeting that there is a particular personnel issue he or she would like to address, then the Commissioner should inform the Chair and go through agenda setting process, such that legal counsel may be consulted and at least ten days' notice to the public may be provided.

PERSONNEL, EVALUATION AND NOMINATIONS (PEN) COMMITTEE REPORT

❖ **Update on Management Salary Survey**

Ms. Janet McDuffie, Chief of the Administration & External Affairs Division, provided an update on the status of the management salary survey. She reported that the California Department of Human Resources (CalHR) will perform the survey for both the executive director and the career executive appointments at no charge. Ms. McDuffie expects to provide a report to the Commission once CalHR completes its evaluation.

CLOSED SESSION

General Counsel Keri Tippins announced the following:

- ❖ **The Commission will meet in Closed Session to discuss and may take action on personnel matters pursuant to California Government Code, Section 11126(a)(1).**
- ❖ **Pursuant to Government Code Section 11126(e), the Commission will meet in Closed Session to confer with legal counsel to decide whether there is significant exposure to litigation, and to consider and act in connection with matters for which there is significant exposure to litigation.**

Chairman McDowell recessed the Open Session at 3:37 p.m. and announced that he would reconvene the Commission meeting at 9:00 a.m. on Friday, September 19, 2014.

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He then convened the Closed Session at 3:45 p.m. and adjourned at 5:12 p.m.

RECONVENE OPEN SESSION

Chairman McDowell reconvened Open Session at 5:37 p.m. Ms. Tippins announced there was nothing to report from the Closed Session.

RECESS

Chairman McDowell recessed the meeting of the California Student Aid Commission at 5:37 p.m.

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Friday, September 19, 2014

Chairman John R. McDowell, Jr. called the meeting to order at 9:01 a.m.

The following Commissioners were present:

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

The following Commissioner was absent:

Brian Conley

Roll Call was taken and a quorum was recognized.

PRESENTATION ON STUDENT FINANCIAL LITERACY

Mr. Ed Emerson, Chief of the Strategic Policy, Media and Communications Division, introduced guest speakers Emerson Hall and Suzanne Martindale, and noted that this financial literacy panel would help to lay the groundwork for the November Commission meeting when the Commission will discuss student debt.

Mr. Emerson Hall, Community Affairs Officer with the Federal Deposit Insurance Corporation (FDIC) San Francisco Regional Office, provided an overview of FDIC's financial education program called "Money Smart." The program includes modules that concentrate on banking services, credit and investment services, and setting financial goals.

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Ms. Suzanne Martindale, Staff Attorney at the Consumers Union West Coast Office, provided an overview of the consumer finance issues facing college students, such as:

- Lack of financial literacy among students and families;
- Student loan debt and repayment;
- Alternate financial aid delivery methods that are aggressively marketed by lenders; and
- Career technical and for-profit institutions with questionable credibility that are aggressively marketing to students.

Ms. Martindale also discussed “Paying for College,” a set of interactive online tools available through the Consumer Financial Protection Bureau’s website, www.consumerfinancial.gov.

Additional discussion ensued about student loan debt, predatory lending institutions, and what can be done to help further educate and protect students. Commissioner Graves commented that he would like the Student Impact Committee to examine the Commission’s online financial literacy tools and help enhance them.

PUBLIC COMMENT

Chairman McDowell introduced and thanked Ms. Jamie Callahan, Special Advisor to the Governor, for her assistance with the Challenge Grant, and Ms. Sonia Huestis, Deputy Appointments Secretary, for her assistance in filling the vacancies on the Commission.

STUDENT IMPACT COMMITTEE REPORT

Committee Chair Graves reported that the Student Impact Committee met on September 18, 2014 and heard the proposal for student engagement, an update on the Dream Act and an update on the Middle Class Scholarship.

❖ Proposal for Student Engagement with the Commission

Committee Chair Graves presented the proposal student engagement with the Commission which is resulting from consultation with the Student Senate for California Community Colleges (SSCCC), the California State Student Association (CSSA), the University of California Student Association (UCSA) and Students First Alliance from the Association of Independent California Colleges & Universities (AICCU).

On **MOTION** by the Committee, **SECONDED** and **CARRIED** unanimously, the Commission **APPROVED** the following proposal for student engagement:

The Commission staff and Chair of the Student Impact Committee shall:

- 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 on legislation; and

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- 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.

***In Favor:** Commissioners Anton, Arzate, Beltran, Doud, Geiogue, Le Grande, Graves, Sawyer, Moore, Scott, Siqueiros and McDowell*

***Absent:** Commissioner Conley*

❖ Update on Dream Act

Ms. Catalina Mistler, Chief of the Program Administration & Services Division, provided a brief update on the first year of implementation of the California Dream Act, including a presentation of the number of 2013-14 applications, award offers, and payments. Some discussion followed about the number of offers vs. the number of paid awards.

Mr. Bryan Dickason, Senior Programs Manager, provided an update on the Commission's new partnership with the Educators for Fair Consideration (E4FC). He reported that Commission staff provides student financial aid training to E4FC's student ambassadors who work directly with students to provide assistance on financial aid, immigration and student issues.

Concerns were raised about whether male Dream Act applicants are disproportionately impacted by the Selective Service requirement. Dr. Linda Williams, President-Elect of the California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA), suggested legislative action to decouple the requirement for Selective Service from the receipt of a Cal Grant.

Concerns were also raised about the U.S. Department's advice to Dream Act students to submit the Free Application for Federal Student Aid (FAFSA) when, in fact, California Dream Act students should be completing the California Dream Act Application instead. Further discussion ensued.

Mr. Tae Kang, Senior Programs Manager, commented that the rationale behind the Department's advice could be that other states do not have a Dream Application. Mr. Jose Rivas, Lead Cal-SOAP Project Director, pointed out that some misinformation comes from trusted sources, such as Spanish language media. He encouraged the continuation of communicating the proper advice to high school counselors and providing guidance to students and families in a language they can understand.

Commissioner Siqueiros **MOVED** that the Commission 1) send a letter to the Secretary of Selective Service addressing male Dream Act students in California, including data broken down by gender; and 2) 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."

Commissioner Anton suggested **AMENDING** the motion pertaining to the letter to the Secretary of Selective Service 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. Commissioner Le Grande suggested that the letter be copied to national representatives in Congress or the Senate.

MOVED (Siqueiros), **SECONDED** and **CARRIED** unanimously, the Commission **APPROVED** the **MOTION** as **AMENDED**.

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

Absent: Commissioner Conley

❖ Update on Middle Class Scholarship

Ms. Mistler presented an update on the Middle Class Scholarship (MCS) Program, including a breakdown of the number of awards, and the maximum and minimum award amounts. Some discussion ensued about the minimum award amount. Executive Director Michel commented that the conversation with legislative budget staff next year will be about augmenting the award amount. Mr. Kang discussed the type of financial aid that may be included to offset the student's MCS award.

PUBLIC COMMENT

Mr. Jose Rivas commented that, despite the challenges they are facing, the Cal-SOAP project directors are proceeding with services; however their fiscal agents are concerned about whether they will be able to continue past October 1st.

STRATEGIC POLICY AND PLANNING COMMITTEE REPORT

❖ Report on Transfer Entitlement Cal Grant Program

Committee Chair Siqueiros indicated that the Committee received a detailed report on the Transfer Entitlement Program and directed Commission staff to report at the November Commission meeting on how they could more closely work with the Community Colleges Chancellor's Office to analyze potential Board of Governor fee waiver students who do not fill out the FAFSA, who also may be eligible for the Transfer Entitlement Cal Grant; and how they can work better with the Chancellor's Office to access more information and reach out to students. Additional discussion followed.

❖ Update on Competitive Cal Grant Program, including Leaves of Absence

Committee Chair Siqueiros reported that the Competitive Cal Grant Program is experiencing the highest number of awards thus far, but there are concerns about the increase in the number of leaves of absences and deferrals. The Committee will continue to monitor the numbers very closely. The Committee also reviewed the scoring matrix and directed Commission staff to re-evaluate the scoring matrix in consultation with the segmental representatives, and take into consideration the recommendations from The Institute for College Access and Success (TICAS).

❖ Update on State and Federal Legislation affecting Commission Programs

Dr. Angelo Williams, Legislative Director, introduced the Commission's new legislative analyst, Ms. Olgalilia Ramirez. He then presented his written legislative report, highlighting that Senate Bills (SB) 174 and 798 have been signed by the Governor. Discussion ensued about the two bills, which together will create a college access tax credit fund, a temporary supplement over a three-year window, to increase Cal Grant B access awards up to \$5,000 for the academic year. Additional discussion ensued about the debit card bills, Assembly Bill (AB) 1927 (Frazier) and SB 845 (Correa), as well as AB 1348 (Perez) which pertains to the California Higher Education Authority.

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❖ Review of the Commission Orientation Manual

Committee Chair Siqueiros advised Commissioners to share any feedback on the Orientation Manual with Chief Deputy Director Yamanaka.

❖ Report on Cash for College Study

Ms. Mistler reported that the Commission submitted a Budget Change Proposal to request funding for the 2015-16 outreach programs and is conducting an evaluation of the Cash for College Program to assist the Legislature in its decision-making. She indicated that the assessment will be presented to the Commission at its November meeting.

CONSIDERATION OF COMMISSION COMMITTEES

Chairman McDowell reminded the Commission that it had made some changes to its Committee structure, including the increase in membership of the Strategic Policy and Planning Committee to seven. He also appointed Commissioner Graves to the Audit Committee. After some discussion, Chairman McDowell announced that he would work with the Committee chairs to have vice-chairs in place by the next Commission meeting.

UPDATE ON AD HOC COMMITTEES

Ad Hoc Committee on Expanding the Commission's Use of Data

Chief Deputy Director Yamanaka introduced Mr. Oded Gurantz, a researcher with Stanford University. Mr. Gurantz presented a Power Point presentation on the current collaborative research project which looks at the persistence, graduation, and employment rates of Cal Grant recipients over the period of 1999 to the present. He anticipates presenting the findings at the November Commission meeting.

Ad Hoc Committee to Explore Creating a Foundation to Enhance the Commission's Vision and Mission

Commissioner Arzate discussed the committee's purpose and goals, which include exploring ways to support and expand outreach efforts; supplement the Commission's administrative capacity for outreach and grant writing research; and increase the Commission's presence at the federal level of government. Commissioner Scott discussed the challenges of establishing a foundation, including the difficulty in raising money; the need to have a very clear message to potential donors on how their contributions would be used; the need for legal advice on how to organize a foundation; as well as cost and staffing resources.

Some discussion followed about seeking help from Mr. David Rattray with the Los Angeles Area Chamber of Commerce, and about developing case statements to present to potential donors.

Ad Hoc Committee to Examine the Structure of the Cal Grant Program to Better Serve Under-represented and Under-served Students

Ms. Mistler reported that she met with Commissioners Beltran and Doud and they decided to first identify the students who are offered awards but do not receive them and determine their demographic information and why they are not being served. The committee will also be looking at

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students who do not receive offers in situations where the Commission has the student's grade point average (GPA) form but not his or her FAFSA, or vice versa.

At this time, Chairman McDowell turned the chair over to Vice Chair Beltran.

Ad Hoc Committee on Financial Literacy and Student Debt

Commissioner Le Grande reported that, at the November meeting, the Commission will hear from representatives across the segments, including the financial aid director and students from the University of California at Berkeley. Commissioner Sawyer added that the committee plans to invite Ms. Sunshine Garcia, Financial Aid Director at California State University, Channel Islands and President of the California Association of Student Financial Aid Administrators (CASFAA).

STRATEGIC POLICY AND PLANNING COMMITTEE REPORT (Continued)

❖ Consideration of 2014-15 California Student Opportunity and Access Program (Cal-SOAP) Contracts

Ms. Janet McDuffie, Chief of the Administration and External Affairs Division, reported that the U.S. Department of Education has granted the Commission's waiver of the "maintenance of effort" requirement to continue the Challenge Grant, but will not release the funds until the 2015-16 Budget is enacted demonstrating that the funds have been committed to higher education. After discussions with the Administration, Department of Finance, Senate and Assembly Budget staff, there is agreement that the Commission will be allowed to use its existing funding appropriation for local assistance in order to begin payments for the Cal-SOAP and Cash for College Programs. Ms. McDuffie then provided an overview of the 2014-15 Federal funding.

On **MOTION** by the Committee, **SECONDED** and **CARRIED** unanimously, the Commission **APPROVED** the staff recommendation as follows:

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:

1. Execute the 2014-15 Cal-SOAP contracts to provide up to \$6,727,157 in total baseline funding.
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.

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In Favor: Commissioners Anton, Arzate, Beltran, Doud, Geiogue, Le Grande, Graves, Sawyer, Scott, Siqueiros

Absent: Commissioners Conley, Moore and McDowell

NEW BUSINESS

The Commission had no new business.

Acting Chair Beltran announced that the Audit Committee meeting has been postponed until the November meeting.

ADJOURNMENT

There being no further business, the meeting of the California Student Aid Commission was adjourned at 12:48 p.m.

CRIS ARZATE
SECRETARY