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Action Item

California Student Aid Commission

Consent Calendar

Recommended Action: Approve the consent agenda, including:

- a. Minutes of January 26, 2012 and February 23-24, 2012

**CALIFORNIA STUDENT AID COMMISSION
TELECONFERENCE MEETING MINUTES**

January 26, 2012

A teleconference meeting of the California Student Aid Commission was held on Thursday, January 26, 2012 at the Headquarters Executive Conference Room, 10834 International Drive, Rancho Cordova, California and the various locations listed on the 3rd Amended Notice of Teleconference Meeting dated January 25, 2012.

Chair Barry Keene called the meeting to order at 9:05 a.m.

The following Commission Members were present:

Barry Keene, Chair
Lynne de Bie, Secretary
Nancy Anton
Terri Bishop
Johnny Garcia Vasquez
Alexander Gonzalez
John McDowell, Jr.
Jamillah Moore
Dontae Rayford
Ishan Shah
Michele Siqueiros
Fred Wood

The following Commission Members were absent:

Brian Conley
Israel Rodriguez

Roll Call was taken and a quorum was recognized.

CHAIR'S REPORT

Chair Keene first welcomed the newly appointed members of the Commission, including Commissioners Bishop, Garcia Vasquez, McDowell, Moore, Shah and Siqueiros. He then provided historical background about the transition of the federal student loan program and commented on the new policy issues facing the Commission, such as distance learning. Lastly, he discussed the Commission's role and responsibility toward the Cal Grant program and the students of California.

PUBLIC COMMENT

Chair Keene asked for public comment and, hearing none, proceeded to the next item.

AGENDA ITEM 1 – DISCUSSION OF THE NEW CAL GRANT INSTITUTIONAL PARTICIPATION AGREEMENT (IPA) TO TAKE EFFECT ON JULY 1, 2012 (Information/Action)

Ms. Catalina Mistler, Chief of the Program Administration & Services Division, provided an overview of the Institutional Participation Agreement (IPA) and the consultation process the Commission used to solicit feedback from the financial aid community. She summarized the comments received, which concerned the following issues:

- Procedural clarification;
- Timely communication of Cal Grant Manual updates;
- Senate Bill 70 renewal program and reporting requirements;
- Conflict resolution; and
- Corrective measures.

Comments were made by the following members of the public:

- Mary Gill, State Issues Chair, California Association of Student Financial Aid Administrators (CASFAA); and
- Margie Carrington, President-Elect, California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA).

There was some discussion about the process of determining Cal Grant advances; changes affected by the Dream Act; and the ability of Cal Grant B recipients to switch to Cal Grant A. Ms. Mistler indicated that a final draft of the IPA would be brought to the Commission at its February meeting for further discussion and approval to allow the new IPA to be in effect by July 1, 2012.

AGENDA ITEM 2 – UPDATE ON THE 2011-12 BUDGET AND THE GOVERNOR’S PROPOSED 2012-13 BUDGET (Information/Action)

Ms. Janet McDuffie, Chief of the Administration and External Affairs Division, presented an overview of the proposed changes to the Cal Grant program, including proposals to raise the minimum Grade Point Average, reduce the maximum award at nonpublic institutions and shift \$736 million in Cal Grant General Funds to the Temporary Assistance for Needy Families (TANF) program. Ms. McDuffie also reported that the Governor proposes to phase out the loan assumption program. In addition, Ms. McDuffie discussed the Governor’s proposals related to the implementation of Senate Bill 70, including:

- Maintaining the maximum cohort default rate requirement of 24.6% for institution eligibility; and
- Requiring renewal students to meet income and asset ceilings and minimum need requirements, similar to new applicants for the Cal Grant program.

Some Commissioners voiced their opposition to the Governor’s Budget and further discussion ensued. Comments were made by the following members of the public:

- Kristen Soares, President, Association of Independent California Colleges and Universities (AICCU);
- Olgallia Ramirez, Governmental Relations Director, California State Student Association (CSSA);
- Mary Gill, State Issues Chair, CASFAA; and
- Ian Johnson, Finance Budget Analyst, Legislative Analyst's Office.

On **MOTION** by Commissioner Anton, **SECONDED** and **CARRIED**, the Commission ADOPTED by ROLL CALL VOTE the following preliminary statement:

The California Student Aid Commission sees higher education as an investment in California's future. Education is the economic imperative of our time and the civil rights issue of our generation. Access to higher education is the basis for the formulation of a democratic society. As the stewards of access to opportunity for higher education, we urge the legislature to give the highest priority to students in the budget during this time of financial downturn.

AGENDA ITEM 3 – CONSIDERATION OF STUDENT ELIGIBILITY FOR THE CALIFORNIA COMMUNITY COLLEGE CAL GRANT TRANSFER ENTITLEMENT (Information/Action)

Ms. Catalina Mistler provided an overview of the California Community College Cal Grant Transfer Entitlement Program (E2) and the Commission's action to change its policy and remove the prior year enrollment requirement. She reported that the Governor's budget proposes to reverse the Commission's action in order to avoid the additional cost. Further discussion followed. Ms. Mary Gill made public comment in support of removing the prior year enrollment requirement.

AGENDA ITEM 4 – NEW BUSINESS (Information)

The following items were suggested for consideration:

- Recommending changes to the Bagley-Keene Open Meeting Act to reflect new technology methods of communicating; and
- Conducting future Commission meetings on college campuses in Sacramento.

ADJOURNMENT

There being no further business, the meeting of the California Student Aid Commission was adjourned at 11:26 a.m.

SECRETARY

**CALIFORNIA STUDENT AID COMMISSION
PUBLIC HEARING AND MEETING MINUTES**

February 23–24, 2012

COMMISSION PUBLIC HEARING

Thursday, February 23, 2012

A public hearing of the California Student Aid Commission was held on Thursday, February 23, 2012 at the State Capitol Senate Room 2040 in Sacramento, California.

Chair Barry Keene called the hearing to order at 9:00 a.m.

The following Commission Members were present:

Barry Keene, Chair
Lynne de Bie, Secretary
Nancy Anton
Terri Bishop
Brian Conley
Johnny Garcia Vasquez
Alexander Gonzalez
John McDowell, Jr.
Dontae Rayford
Ishan Shah
Michele Siqueiros
Fred Wood

The following Commission Members were absent:

Jamillah Moore
Israel Rodriguez

Roll Call was taken and a quorum was recognized.

CHAIR'S OPENING STATEMENT

Chair Keene discussed the reasons the Commission is conducting a public hearing on distance learning, including: 1) the Commission's obligation to ensure Cal Grants are cost-effectively used; 2) the growing importance of the Cal Grant in a fiscal environment of shrinking public funds and tuition increases; and 3) the inevitable siphoning of available funds to online education ventures, governed by potentially inappropriate, ineffective, insufficient and outmoded rules. He stated the Commission must consider what level of constraints on its allocation of resources to online learning it would recommend or enforce.

AGENDA ITEM 1 – WHAT SHOULD CAL GRANTS PAY FOR IN THE COMING ERA OF DISTANCE LEARNING?

Agenda Item 1.a. – Introduction: What should students and taxpayers expect?

Executive Director Diana Fuentes-Michel suggested that the Commission examine the possibility that online learning procedures may need to account for the needs of the underserved, low-income students who form the largest proportion of the Cal Grant population. She noted that the cost of education affects not only student access, but also students' persistence and completion. She commented that the cost of college reflects the taxpayers' interest that student access, persistence and completion be achieved in the most cost-effective manner as possible.

Agenda Item 1.b. – Fundamentals

Dr. Paul Steenhausen, General and Fiscal Policy Analyst, Legislative Analyst's Office (LAO), presented LAO's analysis of online education in its October 2010 LAO report entitled "The Master Plan at 50: Using Distance Education to Increase College Access and Efficiency." There were some questions and comments about the following:

- synchronous (real-time) courses compared to asynchronous and hybrid;
- traditional learning compared to online;
- student outcome reporting and completion rates;
- the cost to the student versus the quality of education; and
- quality control measures.

[Additional information may be found in the February 23-24, 2012 agenda materials and/or transcripts.]

Agenda Item 1.c. – A case study for potential savings to students and taxpayers: Western Governors University

Dr. Sally Johnstone, Vice President of Academic Advancement, Western Governors University, provided an overview of Western Governors University (WGU), a nonprofit fully online university based in Utah. Dr. Johnstone discussed the WGU model and approach to education, including:

- faculty members, mentors and life counselors;
- interactive instruction and learning communities;
- academic materials and e-textbooks;
- success indicators; and
- collaborations with Indiana, Texas and Washington.

Further discussion followed regarding accreditation, admission requirements, student demographics, time based instruction and transferability.

[Additional information may be found in the February 23-24, 2012 agenda materials and/or transcripts.]

Agenda Item 1.d. – A case study of for-profit online providers: University of Phoenix

Dr. Dawn Iwamoto, Vice Provost of the University of Phoenix (UOPX), presented a power point about the UOPX online education model. Ms. Kimberly Whetstone of Sacramento

County shared her experience attending the UOPX online program in pursuit of her Associate's degree. In addition, Mr. Eugene Fields of Irvine discussed his experience obtaining his bachelor's degree at UOPX. There was some additional discussion about transferability, accreditation, success rates and institutional funding.

[Additional information may be found in the February 23-24, 2012 agenda materials and/or transcripts.]

Agenda Item 1.e. – A case study for potential savings to students and taxpayers: online textbooks

Former Senator Dean Florez, President and CEO of the Twenty Million Minds Foundation, gave a presentation on the increasing cost of college textbooks vs. Open Source books. In addition, Mr. Sean Devine, CEO of CourseSmart, LLC, provided a power point presentation on digital textbooks. Additional discussion ensued about faculty access, customization, and the number of student customers.

[Additional information may be found in the February 23-24, 2012 agenda materials and/or transcripts.]

Agenda Item 1.f. – Who provides oversight of distance learning and what kind of oversight is it?

This agenda item will be rescheduled for the April Commission meeting.

Agenda Item 1.g. – Consumer protection perspective

Mr. Robert Shireman, Director of California Competes, provided an overview of distance education. Further discussion ensued about Mr. Shireman's policy recommendations on steps the Commission or other state policy makers should consider.

[Additional information may be found in the February 23-24, 2012 agenda materials and/or transcripts.]

Agenda Item 1.h. – Distance learning from a student perspective

Ms. Penelope Larry described her experience as a WGU MBA student, including some discussion about course mentors. Mr. Kevin Feliciano, President of the Student Senate for California Community Colleges (SSCCC), discussed his experiences with both in-person and online classes. Additional discussion followed.

[Additional information may be found in the February 23-24, 2012 agenda materials and/or transcripts.]

Agenda Item 1.i. – Distance learning from a faculty perspective

Dr. Michelle Pilati, President of Academic Senate for California Community Colleges, who teaches and develops on-line psychology courses, summarized the various aspects of a quality online course. Dr. Erin Smith, Program Manager of the WGU Language and Communications Team, described the similarities between her interactions with students in both traditional and online learning models. Dr. Jim Postma, Chair of the Academic Senate for California State University, discussed his January 2012 "Online Education White Paper." Some discussion ensued about online materials as well as funding for, and expansion of, online education in the public sector.

[Additional information may be found in the February 23-24, 2012 agenda materials and/or transcripts.]

Agenda Item 1.j. – Distance learning in the California Segments of higher education

Dr. Gerard Hanley, Senior Director, Academic Technology Services, California State University (CSU) Chancellor’s Office, presented an overview of the CSU system and its fully online degree programs. Dr. Keith Williams, Senior Lecturer of Neurobiology, Physiology and Behavior, University of California (UC), discussed the online education pilot project at the UC, including descriptions of the approval process; evaluation measures, student-faculty interaction and learning methods. Mr. LeBaron Woodyard, Dean of Academic Affairs, California Community Colleges Chancellor’s Office, gave a presentation on the growth of distance education at the community colleges, including Cal Grant student enrollment. There was some further discussion.

[Additional information may be found in the February 23-24, 2012 agenda materials and/or transcripts.]

Agenda Item 1.k. – Observations of interested parties

Ms. Margie Carrington, President-Elect, California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA), discussed Cal Grant student eligibility, cost savings and the desire to work in partnership with the Commission.

[Additional information may be found in the February 23-24, 2012 agenda materials and/or transcripts.]

Agenda Item 1.l. – Public Comment

Ms. Liz Guillen, Director of Legislative and Community Affairs, Public Advocates, commented about public funding safeguards and oversight of online education programs.

Thereupon, the Commission recessed at 4:22 p.m. until 8:30 a.m. on Friday, February 24, 2012.

COMMISSION MEETING

FRIDAY, FEBRUARY 24, 2012

A meeting of the California Student Aid Commission was held on Friday, February 24, 2012 at the State Capitol Senate Room 2040 in Sacramento, California.

The following Commission Members were present:

- Barry Keene, Chair
- Lynne de Bie, Secretary
- Nancy Anton
- Terri Bishop
- Johnny Garcia Vasquez
- Alexander Gonzalez
- John McDowell, Jr.

Dontae Rayford
Ishan Shah
Michele Siqueiros
Fred Wood

The following Commission Members were absent:

Brian Conley
Jamillah Moore
Israel Rodriguez

Roll Call was taken and a quorum was recognized.

AGENDA ITEM 2 – PRESENTATION OF RESOLUTIONS (Information)

On **MOTION** by Commissioner Gonzalez, **SECONDED** and **CARRIED**, the Commission **ADOPTED** the Resolutions for the following:

- a. Lawrence Hershman, Former Commissioner; and
- b. Enrique Murillo, Former Commissioner.

AGENDA ITEM 3 – EXECUTIVE DIRECTOR’S REPORT (Information)

Executive Director Fuentes-Michel presented her written report, including, a Cal-SOAP Project Directors Report and an ECMC Report. There was some discussion about the possible involvement of Commissioners in the budget hearings.

Ms. Adriana Perez, Central Coast Cal-SOAP Project Director and Lead Project Director, provided a summary of Cal-SOAP activities, including Cash for College events and Cal Grant advocacy efforts. Some discussion followed about the Governor’s proposed Grade Point Average (GPA) requirement.

AGENDA ITEM 4 – CONSENT CALENDAR (Action)

Agenda Item 4.a. – Minutes of November 17-18, 2011 and December 22, 2011

By UNANIMOUS CONSENT, the Commission **ADOPTED** the minutes of the November 17-18, 2011 and December 22, 2011 meetings, as presented.

Agenda Item 4.b. – Consideration of designating Commissioner(s) as Director(s) of the EdFund Board

By UNANIMOUS CONSENT, the Commission **APPROVED** the staff recommendation to designate Commissioner Bishop and Commissioner McDowell, and any other subsequently appointed Commissioners, as Director(s) on the EdFund Board of Directors.

AGENDA ITEM 5 – BUDGET UPDATE (Information)

Ms. Janet McDuffie, Chief of the Administration & External Affairs Division, presented an update on the Governor's proposed budget, including a policy discussion of the proposed GPA requirement, other financial aid resources, choice of institution and the value of a Cal Grant. A discussion ensued regarding possible fundamental values such as ensuring programs are need-based, providing students with predictability, and helping them towards completion. There was additional discussion about accreditation and cohort default rates.

Mr. Kevin Feliciano provided public comment about the preservation of Cal Grants and invited the Commissioners to the next SSCCC meeting in March. Ms. Emily Kinner, President of the California Community College Association Student Trustees, commented about the proposed GPA requirement and the need for data on the number of students receiving need-based aid compared to students receiving merit-based scholarships. Mr. Rich Copenhagen, Peralta Community College District Student Trustee, also commented on the proposed GPA requirement.

AGENDA ITEM 6 – NEW BUSINESS (Information)

The Commission agreed to consider the following topics at a future meeting:

- Accreditation; and
- Recommended changes to the Bagley-Keene Open Meeting Act to reflect new communication technology.

ADJOURNMENT

There being no further business, the meeting of the California Student Aid Commission was adjourned at 10:51 a.m.

SECRETARY