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## 5.2

### Action /Information Item

#### *Fiscal Policy & Long-Range Planning Committee*

##### Tentative Timeline for Approval of Operating Agreement, 2006-07 Loan Program Business Plan & Budget and Performance Review of EDFUND for FFY 2005-06

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The Commission's June 2005 Performance Review concluded that the current Operating Agreement is outdated and needs to be revised. The prior Chair of the Commission and current Chair of the EDFUND Board agreed that the roles and responsibilities needed to be clarified before a new Operating Agreement could be developed. Formal action on proposed roles and responsibilities was postponed until after the audit being conducted at the request of the Joint Legislative Audit Committee was completed.

California Education Code Section 69522(d)(2) requires the Commission to submit the Operating Agreement to the Department of Finance and the Joint Legislative Budget Committee prior to Commission approval. In order to provide sufficient time for these reviews and have a new agreement in place before October 1, 2006, staff must begin working on the Operating Agreement as soon as possible.

The Performance Review also indicated that the increased scrutiny by the State has created a need for enhanced budgetary controls and that as the student loan business becomes increasingly competitive, as operating margins decline, and as the State appropriates money from the Student Loan Operating Fund for a variety of state programs, joint planning between the two organizations is more essential. The 2006-07 Loan Program Business Plan & Budget should be developed jointly and in place by the beginning of the federal fiscal year (October 1, 2006).

During the last performance review, Commission staff recognized need for an agreed upon timeline for reviewing EDFUND's performance that takes into account these and other workload priorities.

Therefore, staff has developed a tentative timeline (Tab 5.2a) for the 2006 Operating Agreement, the 2006-07 Loan Program Business Plan & Budget, and the next performance review of EDFUND based on the established 2006 calendar of meetings for the Commission and the need for the Commission to review and approve staff recommendations.

**Recommended Action:** Approve the enclosed timeline and direct Commission staff and EDFUND to immediately proceed with developing a revised Operating Agreement and working jointly to develop a 2006-07 Loan Program Business Plan & Budget.

**Responsible Staff:** Janet McDuffie  
Chief, Management Services and  
Acting Chief, Federal Policy & Programs

**TIMELINE**

Date	Event	Recommended Action
April 20-21, 2006	Commission Meeting	<ul style="list-style-type: none"> <li>• Approve timeline.</li> <li>• Direct staff to draft a new <b>Operating Agreement</b> and work with EDFUND staff on the <b>2006-07 Loan Program Business Plan and Budget</b>.</li> </ul>
June 22-23, 2006	Commission Meeting	<ul style="list-style-type: none"> <li>• Review draft <b>Operating Agreement</b>.</li> </ul>
July 24, 2006	California Education Code Section 69522(d)(2)	<ul style="list-style-type: none"> <li>• Submit draft <b>Operating Agreement</b> to Department of Finance and Joint Legislative Budget Committee.</li> </ul>
July 26-27, 2006	Joint Commission and EDFUND Workshop	<ul style="list-style-type: none"> <li>• Review draft <b>2006-07 Loan Program Business Plan and Budget</b>.</li> </ul>
September 7-8, 2006	Commission Meeting	<ul style="list-style-type: none"> <li>• Approve <b>Operating Agreement</b> and authorize Executive Director to sign.</li> <li>• Approve <b>2006-07 Loan Program Business Plan and Budget</b>.</li> <li>• Review plan for the <b>Performance Review of EdFUND</b>.</li> </ul>
November 29-30, 2006	Commission Meeting	<ul style="list-style-type: none"> <li>• Approve the plan for the <b>Performance Review of EdFUND</b> and direct staff to begin the review in January 2007.</li> </ul>