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Action

Governance and Monitoring Committee

Approval of October 16, 2007 and October 31, 2007 Minutes

The Governance and Monitoring Committee is asked to approve minutes to the October 16, 2007 and October 31, 2007 meetings.

**CALIFORNIA STUDENT AID COMMISSION
GOVERNANCE AND MONITORING COMMITTEE
TELECONFERENCE MEETING**

**MINUTES
OCTOBER 16, 2007**

A teleconference meeting of the California Student Aid Commission's Governance and Monitoring Committee was held on Tuesday, October 16, 2007 at various locations listed on the Second Amended Notice of Teleconference Meeting dated October 5, 2007.

Chair Dennis Galligani called the meeting to order at 1:05 p.m.

Governance and Monitoring Committee Members Present:

Dennis Galligani, Chair
Daniel Friedlander, Vice Chair
Yasmin Delahoussaye
Lorena Hernandez
Antonio Solórzano

Other Commission Members Present:

Louise McClain, Commission Chair

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Chair Galligani asked for public comment and hearing none, he proceeded with the meeting.

Chair Galligani directed the Committee to move the discussion to agenda item 3 and return to the discussion of agenda item 1 afterwards.

AGENDA ITEM 3—CONSIDERATION OF STATE LEGISLATIVE PRINCIPLES FOR 2008-09

Mr. Steve Caldwell, Chief of Governmental and Public Affairs Division, guided the Committee through the draft State Legislative Principles for the second half of the 2007-2008 legislative sessions, which will continue into the 2008-2009 academic year.

The Committee proceeded to discuss revisions to the Statement of Legislative Principles.

Legislative Objectives

Mr. Caldwell mentioned that the goals have not changed significantly and stated that the Commission will work to increase and expand the Cal Grant Entitlement and Competitive Programs, specialized aid programs, Cal-SOAP, Public Awareness, and the Cash for College program. There was some discussion related to the Commission and EDFUND's partnership and current synergies. Chair Galligani asked what the "EDFUND model" meant in the fourth bullet. Mr. Caldwell stated that Senate Bill (SB) 89, which addresses the sale of EDFUND, might include the potential for some ongoing synergies if they benefit the State. Chair Galligani requested that Commission staff work with EDFUND to get this information. Mr. Martin Scanlon, Chief Financial Officer and Vice President of EDFUND Finance and Administration, responded that there may be some synergy related activities.

Executive Director Diana Fuentes-Michel stated that there should be mutual understanding and a continuation of the same level of service from EDFUND until a sale is completed. SB 89 sets the timeline for the sale of EDFUND as prior to January 1, 2009. There will be a proposal on how the Commission and EDFUND will move forward in terms of the equipment and services currently provided through EDFUND. It is unclear at this time what action the Governor will take in regards to the sale of EDFUND. Executive Director Fuentes-Michel indicated that most observers forecast a steep decline in General Fund revenues.

Member Friedlander asked for an update on Assembly Bill (AB) 1540, regarding the Cash for College program, as the Governor has signed it into law. Mr. Caldwell gave an overview, indicating that there is no funding appropriated; however, the bill will allow the Commission to partner with regional coordinating organizations or other entities to facilitate additional non-state funding or donations.

Executive Director Fuentes-Michel stated that this will require a lot of planning in identifying grants and indirect support. This bill was sponsored by the Los Angeles Chamber of Commerce and Senator John Burton played a large role in getting this bill approved by the Governor. Executive Director Fuentes-Michel stated that the Commission will continue to work with the College Access Foundation and other partners to further develop and increase the number of partnership opportunities.

Legislative Principles

Member Solórzano requested that staff enhance the fourth bullet "Ensure Adequate Support and Flexibility for Commission Operations" to include program support and strengthen the message.

Ensure the Availability of Information on Educational Opportunities

Mr. Caldwell discussed the educational opportunities in promoting the availability of information on college educational opportunities for all California students and families via Cal Grant Workshops and the Public Awareness Campaign and guidance on alternative methods for financing a college education.

Member Solórzano requested staff to draft appropriate language under the last bullet "Working in coordination with our partners in the financial aid community" to include discussion of support from the Department of Education.

Executive Director Fuentes-Michel reported that the K-16 counselors are working hard to educate students and added that there is a need to build a better partnership with the

Superintendent of Public Instruction. Executive Director Fuentes-Michel mentioned that a High School diploma does not get students a better job in the community. She stated that there is a need to advocate for outreach funding and the Commission needs to get the message out to students that they need at least two (2) years beyond high school to attain better paying jobs.

Participation in the Legislative Process

Member Friedlander commented that there is some desire for Commissioners to play a role in policy leadership. Sponsorship should be included as an option along with the listed positions. Executive Director Fuentes-Michel indicated that Commission staff will continue to advocate for program increases in the areas of need previously identified in the Budget Change Proposal (BCP) discussions. Member Friedlander emphasized that sponsorship is an important part of taking a leadership role with regard to an issue.

Chair Galligani suggested adding three separate issues to the Statement of Legislative Principles:

1. Reaction to Legislative developments
2. Staff will be more aggressive in looking for ways to engage Commissioners in the process of educating Legislators.
3. Add "Sponsorship" to the list of position categories to allow the Commission to initiate proposals as appropriate.

Mr. Caldwell remarked that the Commission continues to advocate on bills. He noted that Commissioners have been reluctant to sponsor or co-sponsor bills with high costs. The five (5) policy issues discussed in the BCP process would have cost nearly \$460 million. Student associations sponsor bills every year and the Commission has supported them.

Mr. Caldwell indicated that the Commission's State and Federal Legislative Liaisons are working on a Legislative Education Plan and an Advocacy Binder will be provided to the Commissioners. Member Friedlander requested that staff incorporate information on the number of legislative offices contacted, including members of the Education Committee, members of the Budget Committee, member or staff contacted, who contacted them and context of the contact.

Mr. Caldwell announced that Commission staff will be providing a briefing to the Legislative members and staff regarding the Commission's mission and Cash for College program on November 8, 2007 at the Capitol. Member Delahoussaye commented that Commissioners participating in the "briefing day" will need to understand the purpose of the briefing and be provided with talking points.

Commissioner Friedlander wants staff to keep a log on visits to the Legislature and provide quarterly updates regarding:

1. Member or Staff Role in the Office;
2. Commission Staff;
3. Purpose of Meeting; and
4. Outcome or Status.

Commission staff was asked to modify the language on page 3, under "Neutral or No Position" concerning the statement that "the Commission has conflicting votes."

Member Delahoussaye asked if there was an action plan to go along with the request for the Commissioners' participation in the Legislative events. Commission Legislative Liaison Darrine

Distefano responded that she is developing a list with specific dates and events that provide opportunities for the Commissioners to participate.

Chair Galligani requested one more committee meeting before the November 29, 2007 Commission meeting. Mr. Caldwell stated that staff will be strengthening the specified sections of the Legislative Principles for the next meeting.

AGENDA ITEM 1—CONSIDERATION OF REVISIONS TO THE CALIFORNIA STUDENT AID COMMISSION'S GOVERNANCE POLICIES ADOPTED ON SEPTEMBER 6, 2007

Chair Galligani provided background information on the Commission's Governance Policies, which the Commission structured to strengthen its responsibility and accountability. The Committee proceeded to review the policies and recommended the following changes to the Introduction, the Ends Policies, and the Commission Governance Process Policies:

- Governance Policies May 3, 2007 version – Update the header to reflect the change in the revision date from “April 3, 2007” to “May 3, 2007.”

Entity and Program Names

- Throughout the document, change “Grant program staff” to “State administered financial aid staff” to encompass the civil service staff who operate the grant, specialized and outreach programs.
- Add “outreach staff” in the description of State administered financial aid staff.

Global Policy: Ends

- Revise the third bullet to state, “Serving and caring about each student and his or her family in a manner that is supportive, sensitive and empowering.”

Ends Policy 1: Grants and Specialized Aid to California Students

In the third paragraph:

- Delete the words, “from time to time.”
- Revise the last sentence to indicate, “As the state agency responsible for administering statewide financial aid programs, the Commission will work with the executive and legislative branches of state government to identify appropriate funds to effectively administer the Commission's programs.”

Ends Policy 2: Student Loans and Services

Add the following bullets to the second paragraph:

- E. Partner with external organizations in an effort to reach all students, especially underserved communities.
- F. Identify ways to better collaborate with CSAC to work more effectively and efficiently.

Ends Policy 3: Maximizing of Services and Revenues

- Under “First Priority,” change the word “provide” to “the provision of.”
- Under “Second Priority,” add to the last sentence the words “to better serve students and our customers.”

Global Policy: Commission Governance Process

- In the third sentence of the second paragraph, delete the words “acknowledges and will” and change the word “hold” to “holds.”

Commission Governance Policy 1: Governance Philosophy

- In the second bullet, after the word “to”, add the word “ensure.”
- In the eighth bullet, add the words “Be objective and” before the word “encourage.”

Commission Governance Policy 2: Commission’s Role

- In the last sentence of the second paragraph, add the words “encourage collaboration” before the words “and emphasize.”
- Under “Governance Process” Item B, add the following sentence to the end of the paragraph: “Furthermore, it will create the opportunity for more collaboration.”
- Under “Program Oversight” Item J, after the word “program,” add the words “to ensure that program funds are spent economically and in accordance with State and Federal laws and regulations.”
- Under “Program Oversight” Item K, replace the word “aggressive” with “effective.”

Commission Governance Policy 4: Commissioner Role and Code of Conduct

- Under Item C, delete the word “Commission” and replace with the words “Statewide Ethical.”
- Add a new bullet stating: “The Commission as a whole and every Commissioner will avoid lobbying of other Commissioners, and support consensus-building rather than communicating with individual Commissioners in a manner that intentionally generates discord or splits the Commission into factions.”

Commission Governance Policy 5: Committees

- In the first sentence of the first paragraph, add to the end of the sentence the following: “and carry out other tasks as assigned by the Commission.”
- Under Item C, delete the words “and to analyze and” and replace with “then.”

Members requested that CSAC staff add a preface to the “Introduction” to provide historical background on the development of the Governance Policies and the implications of Senate Bill 89 and the potential sale of EDFUND. This preface should state that the Commission recognizes that those implications may necessitate certain deviations from the policies.

Additionally, Member Friedlander requested that, in preparation for the Committee’s next meeting, CSAC staff reframe their suggested revisions to “Assignment Policy 1—Executive Director” and “Assignment Policy 3—Federal Policy and Programs Division or its Successor” within the context of the language the Commission adopted on September 6, 2007.

To enhance the Committee's understanding of the policies, Chair Galligani indicated that he would assign each member to serve as discussion leader at the next meeting with regard to one of the five types of policies.

AGENDA ITEM 2—CONSIDERATION OF TIMELINES AND IMPLEMENTATION OF REPORTS AND REVIEWS INCLUDED IN THE GOVERNANCE POLICIES AND ANNUAL OVERSIGHT PLAN

Due to time constraints, the Committee did not discuss this item.

The Committee decided to meet again on October 31, 2007 from 2:00 pm to 5:00 pm to continue its discussion of the revisions to the State Legislative Principles and the Governance Policies.

There being no further business, the meeting of the Governance and Monitoring Committee was adjourned at 4:05 pm.

DENNIS GALLIGANI, CHAIR
GOVERNANCE AND MONITORING COMMITTEE

**CALIFORNIA STUDENT AID COMMISSION
GOVERNANCE AND MONITORING COMMITTEE
TELECONFERENCE MEETING**

**MINUTES
OCTOBER 31, 2007**

A teleconference meeting of the California Student Aid Commission's Governance and Monitoring Committee was held on Wednesday, October 31, 2007 at various locations listed on the Notice of Teleconference Meeting dated October 19, 2007.

Chair Dennis Galligani called the meeting to order at 2:04 pm.

Governance and Monitoring Committee Members Present:

Dennis Galligani, Chair
Daniel Friedlander, Vice Chair
Yasmin Delahoussaye
Lorena Hernandez
Antonio Solórzano

Other Commission Members Present:

Louise McClain, Commission Chair

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Chair Galligani asked for public comment and hearing none, he proceeded with the meeting.

Chair Galligani directed the Committee to move the discussion to agenda item 3 and return to the discussion of agenda item 1 afterwards.

AGENDA ITEM 3—CONSIDERATION OF STATE LEGISLATIVE PRINCIPLES FOR 2008-09

Chair Galligani reminded the Committee that staff was asked to make changes to the State Legislative Principles based on the discussion at the October 16, 2007 meeting. Chair Galligani recommended reviewing each page of the document to determine whether all Committee members were comfortable with the changes.

The Committee agreed to the following revisions:

Preface

- Page 1, first sentence, second paragraph: place a period after the word “successful” at the end of the second line of that paragraph and then create a new sentence as follows: “Examples of collaboration include conducting Cal Grant promotional events, participating in, and supporting the Commission’s mission.”

Foster Educational Access and Affordability

- Page 2, first bullet: change “with financial need” to “who demonstrates financial need.”
- Page 2, third bullet: change the word “affordable” to “lower interest.”

Ensure the Availability of Information on Educational Opportunities

- Page 3, first bullet: replace the word “continued” with the word “adequate.”
- Page 3, first bullet: add the word “academic” before the word “preparation.”
- Page 3, sixth bullet: after the word “coordination” add the words “and cooperation.”
- Page 3, seventh bullet: replace the word “should” with the words “are designed to.”

Participation in the Legislative Process

- Page 5, fifth bullet under Sponsor: replace the word “essential” with the word “beneficial.”

On **MOTION** by Member Friedlander, **SECONDED** and **CARRIED**, the Committee APPROVED by Roll Call Vote the State Legislative Principles for 2008-09, with the specified changes.

AGENDA ITEM 1—CONSIDERATION OF REVISIONS TO THE CALIFORNIA STUDENT AID COMMISSION’S GOVERNANCE POLICIES ADOPTED ON SEPTEMBER 6, 2007

Chair Galligani reported that he assigned each Committee member to lead the discussion on the various policies as follows:

- Member Delahoussaye – Introduction and Ends Policies
- Member Solórzano – Commission Governance Process Policies
- Member Galligani – Assignment and Responsibilities Policies
- Member Hernandez – Executive Parameters Policies
- Member Friedlander – Monitoring and Oversight Policies

Ends Policies*Ends Policy 3: Maximizing of Services and Revenues*

Member Delahoussaye urged the Committee to more clearly define the qualitative terms used to describe its priority outcomes. Other members clarified that the Ends Policies were structured to be broad-based and the Commission will identify measurements as it proceeds through its review of the monitoring policies and the development of the Commission’s strategic plan.

There was some discussion regarding funding sources with regard to the Commission’s priority to fund administrative costs, to the extent that funds are available, without reliance on state general fund support. Executive Director Fuentes-Michel explained that Assembly Bill (AB) 1540 allows the Commission to set up a new account that can be from the private sector. She

reported that Commission staff will bring to the Commission for its consideration a recommendation to implement the provisions of AB 1540 in relationship to the development and receipt of private funds to the Commission to fund outreach activities. Therefore, she believes the Commission should expand Ends Policy 3 in the near future.

At its October 16, 2007 meeting, the Committee decided to ask EDFUND President Sam Kipp at its next meeting to clarify the reason for his edit to the first sentence under “Second Priority” to delete the words “(which may include serving students and families in other states).” President Kipp explained that the original language sounded California-centric and suggested permission to consider serving schools outside of California if time and resources were available, when there really is no differentiation between the two, especially with regard to the Commission’s first priority to provide high quality services to students and their families. The Committee decided to accept President Kipp’s edit as follows:

- In the first sentence under “Second Priority,” delete the clause “(which may include serving students and families in other states).”

Introduction

The Committee decided to strengthen the Introduction to reflect that some of the policies related to funding are in a transitional phase and may require modification (denoted by an asterisk). In addition, Member Hernandez suggested the Introduction note that the policies are evolving given the changing financial aid landscape at the federal and state level, pending new legislative language. Chair Galligani suggested that the paragraph demonstrate how the Commissioners as a whole are taking more ownership for the policies. Member Friedlander suggested that the Introduction clarify which entities were actually involved in the development of the policies, i.e. Commissioners and Commission and EDFUND staffs. He added that the purpose of the Introduction is to provide some historical perspective and acknowledge that the Commission and EDFUND are in a transitional phase, so the policy may not be applicable or realistic if a decoupling takes place. He remarked that the integrity of the Commissioners’ process is to move forward and complete their job with the understanding that a decoupling might not take place.

Chair Galligani asked Member Hernandez to work with staff on drafting appropriate language during the course of the meeting and bring it back to the Committee for consideration prior to adjournment.

Prior to adjournment, the Committee agreed to incorporate Member Hernandez’s suggested language for the Introduction, which is as follows:

“In early 2007, the California Student Aid Commission began working to develop the governance policies and to clarify the roles and responsibilities for itself, the EDFUND Board of Directors and their respective staffs.

On September 6, 2007, the Commission adopted Governance Policies. The Governance Policies are a result of an open collaborative process led by the Commission. The Commission developed the Governance Policies through the leadership of an Ad Hoc Committee and assistance of a consulting group with input from EDFUND and CSAC management and their respective staffs.

The Commission's Governance and Monitoring Committee is responsible for reviewing the policies and recommending to the Commission any further necessary enhancements. The goal of the Commission is to continue to strive to improve and refine its policies.

This document is subject to revisions given the dynamic financial aid environment with pending and new federal and State legislation. For example, Senate Bill 89 (Chapter 182, Statutes of 2007), enacted on August 24, 2007, authorizes the sale, or an alternative financial arrangement to the sale, of the California Student Aid Commission's loan guarantee function and nonprofit auxiliary organization, EDFUND. This law authorizes the Director of the Department of Finance to act as the agent for the sale. The Commission recognizes that, in some instances, the provisions of this law may necessitate certain deviations from the policies.

Items noted with an asterisk (*) identify policies that may require modification."

Additionally, the Committee identified the following policies to be noted with asterisks:

- End Policy 2—Student Loans and Services
- Ends Policy 3—Maximizing of Services and Revenues
- Executive Parameters Policy 6—External Communications

Commission Governance Process Policies

Member Solórzano presented the changes that the Committee considered at its last meeting and asked for comments and/or consensus. The Committee reconsidered and agreed upon the following edits:

- Throughout the document, change "Grant program staff" to "State administered financial aid staff" to encompass the civil service staff who operate the grant, specialized and outreach programs.

Global Policy: Commission Governance Process

- In the third sentence of the second paragraph, delete the words "acknowledges and will" and change the word "hold" to "holds."

Commission Governance Policy 1: Governance Philosophy

- In the second bullet, after the word "to", add the word "ensure."
- In the eighth bullet, add the words "Be objective and" before the word "encourage."

Commission Governance Policy 2: Commission's Role

- In the last sentence of the second paragraph, add the words "encourage collaboration" before the words "and emphasize."
- Under "Governance Process" Item B, add the following sentence to the end of the paragraph: "This will create the opportunity for more collaboration."
- Under "Program Oversight" Item J, after the word "program," add the words "to ensure that program funds are spent economically and in accordance with State and Federal laws and regulations."
- Under "Program Oversight" Item K, revise the sentence to read as follows: "The Commission will maintain effective regularly scheduled internal audits in the grant program"

and the loan program to ensure compliance with existing laws, regulations, policies and other applicable standards.”

Commission Governance Policy 4: Commissioner Role and Code of Conduct

The Committee agreed to allow Commission staff to draft appropriate language under Item C with regard to a code of conduct by which the Commission will abide. The Committee also agreed to allow staff to draft a separate bullet indicating that the Commission will adopt for itself the responsibility for meeting the Incompatible Activities Policy.

There was also some discussion regarding Member Hernandez’s suggestion to add a bullet to prohibit the lobbying of others and to encourage consensus building. Member Friedlander remarked that within the context of a meeting, there may not always be consensus among the Commissioners and, therefore, the policies need to make that distinction. Commission Chair McClain offered to draft appropriate language during the course of the meeting and bring it back to the Committee for consideration prior to adjournment.

Prior to adjournment, the Committee agreed to incorporate Commission Chair McClain’s suggested language, as follows:

“D. Commissioners will engage in and support consensus building. Commissioners will not communicate with individual Commissioners in a lobbying manner that generates discord and has the potential to divide the Commission into factions.”

The Committee proceeded with its review of the policies and agreed upon the following revisions:

- Under Item E, number 2, delete the word “official.”
- Under Item E, number 2, delete the words “two working days” and replace with “24 hours.”

Commission Governance Policy 5: Committees

- In the first sentence of the first paragraph, add to the end of the sentence the following: “and carry out other tasks as assigned by the Commission.”
- Under Item C, delete the words “and to analyze and” and replace with “then.”
- Under Item C, change the word “recommend” to the word “recommending.”

Commission Governance Policy 6: Making Requests of Staff

There was some discussion regarding the protocol for requesting information from staff. Executive Director Fuentes-Michel requested that, as head of the guaranty agency, she receive a copy of the Commissioners’ requests for information from EDFUND so that staff can ensure the financial information is consistent with Commission staff records in terms of loan data and volume, for example. The Committee decided to discuss this issue when it reviews the Executive Parameter Policies.

The Committee briefly discussed the strategic planning process. Executive Director Fuentes-Michel suggested that the Commission and Chair designate two Commissioners to work with her on developing a proposed plan for the January Commission meeting and discuss the use of a facilitator to assist with the development of the Commission’s strategic plan. Member Hernandez agreed to work with staff and the consultant on the strategic planning session for January.

Assignment and Responsibilities Policies

Executive Director Fuentes-Michel explained that, at its last meeting, the Committee requested she work with legal counsel. She delegated the responsibility to Chief Deputy Director Keith Yamanaka who has been developing a cross reference document of Government Code, Education Code and State Administrative Manual regulations that identify those areas where the Commission has discretion on the delegation of authority and delegated authority affects the Executive Director or his/her designee. She added that if the Executive Director is not responsible for certain functions, then the Commission is responsible. The Commission would then need to determine what responsibilities reside with the Chair. She stated that, with regard to civil service processes established in law, the management of the Commission is through the Executive Director and the functions are the same as in other state agencies in terms of hierarchy of responsibility and management, particularly in the area of funds and fund control.

Executive Director Fuentes-Michel also noted that the Commission needs to consider the role of the Federal Policy & Programs Division during the six-month transition period at the end of which EDFUND may or may not be sold. The Commission still has responsibilities during that period and may continue to have some in the next quarter as the sale proceeds.

The Committee decided to meet again on December 10, 2007 from 2:00 pm to 5:00 pm to continue its discussion of the revisions to the Governance Policies. The Committee requested that staff provide the members with the cross reference document of Government Code, Education Code and State Administrative Manual regulations pertaining to the delegation of authority at least one week prior to the meeting.

Deputy Attorney General Geoffrey Graybill recommended that the Committee members carefully review what has already been proposed in order to get a sense of how they would interact as a Commission in terms of its oversight and monitoring responsibilities. He advised members not to wait until they receive the information regarding legal parameters before continuing to familiarize themselves with the policies because much of the policies will be determined by how the Commission wishes to do business, as there are practical limitations on what a collective body can do. He added that the statute says once an Executive Director is appointed, that person is the Chief Executive Officer of the Commission. There are certain functions inherent in the way the State does business and the Commission will need to make sure that the policies it is developing now will mesh with the way it performs oversight. For policies in place right now, the Commission may want to get a sense of how well those policies are working or not working.

On **MOTION** by Member Friedlander, **SECONDED** and **CARRIED**, the Committee APPROVED by Roll Call Vote the revisions to the Governance Policies as discussed.

AGENDA ITEM 2—CONSIDERATION OF TIMELINES AND IMPLEMENTATION OF REPORTS AND REVIEWS INCLUDED IN THE GOVERNANCE POLICIES AND ANNUAL OVERSIGHT PLAN

Due to time constraints, the Committee did not discuss this item.

There being no further business, the meeting of the Governance and Monitoring Committee was adjourned at 5:15 pm.

DENNIS GALLIGANI, CHAIR
GOVERNANCE AND MONITORING COMMITTEE