

## Information/Action Item

### *California Student Aid Commission*

Consideration of budget issues relating to the sale of the state student loan guarantee program assets and the transition of services currently provided by EdFund to the Commission

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The Commission's current Operating Agreement with its non-profit auxiliary organization, known as EdFund, provides support services to the Commission in the following areas:

- Business Services: supply services, report distribution, mail processing, printing, security, warehouse, transportation, records management, inventory, and imaging;
- Technology: data center support, interactive voice response
- Outreach: school support, publications, FAFSA video

Department of Finance (DOF) has notified both the Commission and EdFund staff that DOF has not approved elimination of any shared services required by the operating agreement. DOF would only be amenable to such changes upon agreement that it can be done without upsetting the administration of the Cal Grant Program. DOF expects such agreements to be understood by all and that DOF be informed of any changes to the service agreements in place. DOF has also indicated that its intent, consistent with any successful transaction timing, that there be no interruption in shared services important for administering Cal Grants to. DOF has clearly stated that the goal is to ensure continues service level with the ability to transition as soon as possible when a sale or transaction has occurred.

Commission staff submitted a Finance Letter Budget Change Proposal (BCP) to the Department of Finance in February 2010 to reestablish core business and technology services upon the sale of the state's student loan program assets (commonly referred to as the "Sale of EdFund"). Although the original BCP requested \$5.3 million, additional research has resulted in adjusting the request to \$4.9 million in General Fund resources (\$2.1 million in one-time funds) for 23 new positions, increased lease costs for a new facility, moving expenses, new equipment, and other resources. The Tab 2.a provides additional details regarding the services that would need to be transitioned to the Commission upon the sale of EdFund and Tab 2.b lists the equipment needed.

Commission staff is also submitting a request to the Department of General Services (DGS) to assist with acquiring adequate space to house the Commission, a mailroom, a boardroom, meeting and storage rooms.

**Responsible Person(s):** Janet McDuffie, Chief  
Administration and External Affairs Division

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The Commission has submitted a 2010-11 Budget Change Proposal to reestablish the following core business and technology services:

**Business Services**

The Commission must fully re-establish functions in business operations that have been provided by EdFund as noted below:

***Mail Room/Warehouse***

The Commission has utilized EdFund's mailroom and warehouse services to support the administration of the Cal Grant and Specialized Programs. EdFund staff has been responsible for all receipt and delivery of mail, large parcels and packages for the Commission. EdFund also provides courier services for the Commission to the downtown area since the Commission is located in Rancho Cordova. Currently EdFund couriers make 2-3 trips downtown per day.

During the past twelve months, EdFund has processed approximately 500,000 pieces of mail, and printed or copied about 1.4 million documents for the Commission. More than 500,000 of the Commission's financial aid workbooks, brochures, fact sheets, guides, manuals, posters and videos are stored and distributed each year to high schools and colleges across the State through the EdFund warehouse/shipping center. The Commission relies heavily on EdFund's warehouse/shipping center for timely dissemination of information to institutions and students.

***Imaging***

EdFund processes imaging and records with an electronic imaging system. This system handles approximately 3 million forms annually. By sharing the staff and equipment, the Commission has had access to state-of-the-art equipment and technological expertise housed in EdFund Imaging and Record Management Branch at a minimal expense.

The process of document imaging and records management enables EdFund and the Commission to reduce storage space, reduce risk management due to file and documentation loss, use technology to access and retrieve documents, and create a backup of all records stored in a fire safe area.

Currently, the Commission processes over 500,000 paper applications and other documents annually. As awareness and student populations increase, the Commission estimates a 10 percent annual growth in its programs. This growth results in an additional 50,000 forms for processing in subsequent years. The Commission also anticipates an increase in workload of no less than 65,000 to 70,000 forms as the Commission becomes the central repository for forms regarding program eligibility (specifically, the G-8 High School Graduation Certification Form), which were previously managed at the institutional level. This increased workload applies to all programs, but the most significant impact occurs in the Cal Grant Entitlement and APLE Programs. Additional staffing will be required so the Commission can continue document imaging and records management in the Cal Grant and Specialized Programs.

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***Records Retention/Inventory/Contracts***

Currently, EdFund provides support to the Commission for records retention and property inventory. In addition, EdFund manages contracts for services provided to the Commission (such as the Interactive Voice Response System [IVR] and software licensing). The Commission would need additional resources to manage these services.

**Technology Services**

The Commission's Information Technology (IT) Division leverages EdFund resources for the delivery of various IT services, including the support of the Commission's Grant Delivery System (GDS), Tier 1 Help Desk and Telephony. The following describes the services provided by EdFund that will be transferred to the Commission upon the sale of EdFund:

***Grant Delivery System:***

- **Backup/Storage Services** - EdFund provides data backup. APLE and Grade Point Average (GPA) Verification Form imaging servers, and the main frame GDS letter definitions, overlays and Job Control Language related to printing GDS letters. In addition, EdFund maintains and supports the GDS Storage Area Network (SAN), which is architecture to attach remote computer storage devices, such as disk arrays and tape libraries, to servers in such a way that, to the operating system, the devices appear as locally attached devices. Operation of the SAN allows for storage and quick accessibility of more than 1 Terabyte of data encompassing the GDS. Offsite tape storage and backups were provided through EdFund's contract with Iron Mountain.
- **Contracting and procurement Services** - Software purchasing and contracting for imaging software, IVR, Oracle Data Base Management System (DBMS) software, and security software in support of the GDS system. They also provide contract services for warranty and repair of the GDS servers and Storage Area Network.
- **Database Administration (DBA)** - EdFund provides Oracle database technical assistance when needed for the GDS to augment current Commission support. Additional services include Oracle DBA support for upgrading and advanced tuning, and troubleshooting the production GDS databases.
- **Imaging , Storage, Retrieval and Intelligent Character Recognition Software** - EdFund provides programming contract services for GPA and Cal Grant C supplement intelligent character recognition changes as well as equipment, software and staff for scanning and storage of paper applications, forms, and documents using servers and software that allows for the storage and retrieval of electronic documents. The Commission would need to transfer current imaged data and obtain an imaging system and scanner in order to duplicate this process.

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- Interactive Voice Response (IVR) - EdFund provides contract support for the Commission's IVR System, which includes programming IVR system changes and enhancements. The IVR allows students to check the status of Cal Grant applications. EdFund is responsible for providing telephony services and support for the IVR and LAN-to-LAN Virtual Private Network (VPN) tunnels between EdFund's facility and Qwest, the IVR service provider.
- Network Support - EdFund provides 24/7 network administration; network operating system administration; and monitoring, network, firewall, and intrusion detection services for the services located at EdFund's facility. EdFund also provides augmented network support when requested to includes troubleshooting and assisting in the repair of GDS production systems; modifying access-lists as well as monitoring our production systems.
- Operating Systems Support - EdFund provides Linux system administration and support for GDS servers and Storage Area Network located at Office of Technology Services facility. This includes upgrading, patching, auditing, and ensuring optimal performance and security controls are in place.
- Printing Services - EdFund provides mainframe and printing services for the Commission which includes changing and creating new overlays and letter formats for GDS letters. The Commission prints over 100 different GDS letter types (approximately 750,000 letters a year).
- GDS Operations Monitoring - EdFund provides 24X7 monitoring of GDS production jobs and provides escalation and reporting of abnormal job termination.
- List Serve - EdFund provides the Commission with ListServe facilities for providing timely messages and updates to post secondary education institutions, high schools and public subscribers. This service runs on a dedicated server which they also update, backup, and maintain. The Commission would need to transfer the database and host a listserve on its own hardware.
- Web Conferencing – EdFund provides the Commission with access the Web-EX for use in training, conference meetings and task forces. To obtain a single user WebEx account with the same features will cost substantially more.
- SEARS Survey – EdFund wrote the custom Web Application for the last SEARS survey and hosted the web server and collected the resulting data for tabulation by our research staff. The software and hardware needs to be transferred to the Commission.

***Tier 1 Help Desk/Telephony***

EdFund provides Tier 1 Help Desk support for 400 post-secondary institutions, over 1800 high schools, and Commission in-house staff. These calls are logged in the HEAT ticketing database and dispatched to appropriate Commission personnel for problem resolution. EDFUND also provides maintenance and support for helpdesk software to

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include the server, database, and Heat licenses. We would need to transfer software and hardware and learn to administer the system, as well as, obtain support staff to take the calls.

EdFund also provides telephony support services for the Commission. Services include telephone installation, configuration modification, automated call distribution (ACD) changes, and hardware support for over 150 telephone interfaces, telephone number assignments, voicemail, voicemail forwarding and moves, and telephony hardware maintenance and procurement. The Commission would need additional resources to support of these services.

**Other Services**

The Commission partners with EdFund to provide training to more than 3,000 high school counselors and post-secondary educational institutional financial aid officers on the grant and loan programs administered by the Commission. This also includes the development of various publications used to inform students, parents and counselors of state and federal financial aid programs.

***Projects and Services***

The projects and services listed below are the direct public services that are needed to support students and families, high school counselors, financial aid administrators and stakeholders with the tools needed to create a college-going, college awareness climate, and provide information about Cal Grants, Specialized Programs and other financial aid opportunities. Limiting publication services could result in a lack of college access awareness and opportunities, and financial aid help resulting in reduced college-going rates.

**Publications:**

- **Fund Your Future:** The Commission partnered with EdFund for publishing, production, storage and distribution of approximately 500,000 free financial aid publications that are used to inform and educate students, parents, schools and other interested parties about Cal Grants and other financial aid programs. This includes an annual Free Application for Federal Student Aid (FAFSA) for Students/FAFSA for Parents video production; duplication and warehousing services; *Fund Your Future* series workbooks, counselors' guides, and brochures; and photo inventory and graphic designing. The Commission's budget does not include funding to continue these critical materials. The *Fund Your Future* publications series—a student financial aid workbook (English and Spanish), high school counselor's guide and brochure (English and Spanish)—is produced jointly by the Commission and EdFund. Nearly all of the State's high schools rely on the workbook and brochure as a critical resource for students attending their schools and their families. The workbook is comprehensive enough so that students, especially those from low-income or disadvantaged families, will not need to purchase a financial aid book.
- **College Cash Box:** The College Cash Box contains materials high school counselors need to help students apply for financial aid. Each year, approximately 4,500 College Cash Box kits are printed, assembled and

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disseminated to all California high schools, colleges, universities, career and technical schools, and community organizations. This box is filled with collateral publications that reach students through school counselors and financial aid administrators throughout the state's diverse population. The materials include information for students pursuing an education through career technical education (vocational schools), as well as through California colleges and universities.

High school training and support:

Each fall, the Commission and EdFund partner with CASFAA to train more than 3,000 high school counselors on the Cal Grant Program and the financial aid application process, including new laws and regulations. EdFund has been providing the high school training materials and has paid for the costs associated with obtaining conference rooms and audio/visual equipment. The Commission partners with EdFund to provide training to more than 3,000 high school counselors and post-secondary educational institutional financial aid officers on the grant and loan programs administered by the Commission. This also includes the development of various publications used to inform students, parents and counselors of state and federal financial aid programs.

Equipment

The equipment the Commission needs is listed on Tab 2.b. While EdFund currently possesses equipment the Commission could use, it is not known if any will be transferred to the Commission upon the sale. Purchasing the equipment will take approximately 4 – 6 weeks. However, the Commission's currently facility does not have the space to house most of the items. If the Commission hires new employees with printing and mailing machines experience, the learning curve will be about 4 weeks to be sure that everything is being printed correctly. If we hire employees with little or no experience, the learning curve greatly increases to up to 6 months.

**California Student Aid Commission  
Equipment Needs**

<b>BUSINESS SERVICES EQUIPMENT</b>
<b>Printing &amp; Copying Equipment</b>
<b><i>Black/White Printing &amp; Copying</i></b>
* Xerox Docuprint 125
* Xerox Docuprint 2000 series Software
* Ongoing maintenance (\$200/mo.)
<b><i>Color Printing &amp; Copying</i></b>
* Xerox Docucolor 252
* Ongoing maintenance (\$200/mo.)
<b>Mailroom Equipment</b>
<b><i>Address Labeling Equipment (Mailers)</i></b>
*Neopost SA505
<b><i>Mailing Machine Equipment</i></b>
*Pitney Bowes 8 Series (Console Inserter)
*Pitney Bowes Mail Stream Monitor & Business Manager Accounting Systems (Software to track & monitor mail pieces; charges correct accounting code)
*Pitney Bowes DM 1000 (seal & apply postage to envelopes)
*Baum DA80F (Insert mailings)
* Ongoing maintenance (\$200/mo.)
<b>Inventory Software System</b>
*Aperture VISTA Asset Mgmt. System & Barcode Inventory
<b>Security System and Video Surveillance</b>
*Video Surveillance System
<b>Commission Boardroom &amp; Meeting Room</b>
* Furnishings & Seating (the dais is in storage)
*Teleconferencing/Media Center
<b>INFORMATION TECHNOLOGY EQUIPMENT</b>
<b>Hardware</b>
Internet Access
* Cisco 3750 G Switches
Listserve Server
* Dell Power Edge 6850
Heat Database Server
* Dell Power Edge 2950
<b>IMAGING EQUIPMENT</b>
<b>Hardware</b>
Scanners (1)
Back up Equipment
SAN
Database Server - Oracle Server (1)
Application Server - Dell (1)
<b>Software License</b>
Cognition software licenses (50)
Windows 2003 Server License (2)
RedHat Linux (1)
Oracle Standard Edition
Back up Software