

## Information/Action Item

### *Strategic Policy and Planning Committee*

#### Update on out-of-state travel authority

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All state agencies must have out-of-state travel pre-approved annually by the Governor's Office. Budget Letter #12-05 (Tab 6.a) provides the guidelines for submitting out-of-state travel requests for the 2012-13 fiscal year. Per these guidelines, out-of-state travel must be considered mission critical, although discretionary travel that we consider a benefit to the state may be considered.

Mission Critical criteria are:

- Enforcement responsibilities
- Auditing
- Revenue collection
- A function required by statute, contract or executive directive
- Job-required training necessary to maintain licensure or similar standards required for holding a position
- Equipment inspection as required by a contract
- Meetings or training required by a grant or to maintain grant funding
- Litigation related (depositions, discovery, testimony)
- Requests by the Federal Government to appear before committees

Mission critical does not mean travel to attend:

- Conferences, meetings or seminars (even those that historically have been attended or if a request has been made for the department or an individual to make a presentation)
- Networking opportunities
- Professional development courses
- Continuing education classes/seminars

The Commission's budget staff consults with the Division Chiefs each year to develop a list of potential out-of-state trips. The list is reviewed by the Executive Director and the approved trips are submitted to the Governor's Office for review and approval.

On May 24, 2012, we submitted the following requests for out-of-state travel for 2012-13:

Mission Critical:

- Trips to audit institutions headquartered out-of-state that participate in the Commission's financial aid programs.

- Trips to meet with ECMC, United States Department of Education and Congressional staff regarding policy changes and impacts to programs that may affect the Commission.

Discretionary:

- Trips to attend the National Association of Student Aid Administrators (NASFAA) to provide a forum to discuss common challenges and work together to improve Commission programs.

In a letter dated May 25, 2012, the Governor's Office (Jim Humes, Executive Secretary for Administration, Legal Affairs and Policy and Sue Johnsrud, Chief of Operations) informed us that our discretionary trips were denied.

Tab 6.b provides the list of out-of-state trips approved for 2012-13 estimated to cost \$10,000. To date, we have only charged Commissioner Conley's took to Washington, D.C. in February 2013 against our approved out-of-state travel. Our Chief of Federal Policy and Programs Division could not join the trip because he was on medical leave for several months. Also, due to some contingent departmental expenses, we modified our audit plan by substituting certain procedures enabling us to cover specific risk factors over a greater number of institutions, without out-of-state travel. Next year, we anticipate out-of-state travel to audit at Cal-Grant-institution headquarters located outside California.

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

# BUDGET LETTER

	<b>NUMBER:</b> 12-05
<b>SUBJECT:</b> Out-of-State Travel Requests—Approval by the Governor’s Office	<b>DATE ISSUED:</b> April 20, 2012
<b>REFERENCES:</b> Government Code Sections 11032 and 13030, State Administrative Manual Sections 0760-0765, and Management Memo 04-21	<b>SUPERSEDES:</b> BL 11-06

TO: Agency Secretaries  
 Department Directors  
 Departmental Budget Officers  
 Departmental Accounting Officers  
 Department of Finance Budget Staff

FROM: The Governor’s Office

This Budget Letter reminds state departments, boards, agencies, and commissions of the requirements of Out-of-State Travel (OST) blankets and individual OST requests, including travel to foreign countries. This process also applies to employees of the constitutional officers.

There are significant changes for the fiscal year 2012-13 OST blankets. The blanket will now have two separate components. The first section should only include trips that meet specific mission critical criteria (defined below) and will only require approval from the Department Director **and** the Agency Secretary (or a commensurate level). The second section would include trips that are discretionary but your agency believes represent a benefit to the state and should be considered for approval by the Governor’s Office.

Each trip listed in the first section should contain the following information:

- o The purpose of the trip and mission critical criteria it meets.
- o Destination
- o Projected cost of the trip and the source of funding
- o Number of travelers, and role of each

Each trip listed in the second section must contain the following information:

- o The purpose of the trip and an explanation why it is in the best interest of the State
- o Destination
- o Projected cost of the trip and the source of funding (state the fund name as shown in the Governor’s Budget)
- o Number of travelers, and role of each
- o Impact if the trip is denied
- o Whether the traveler’s absence will interfere with their regularly assigned duties

**Mission critical criteria:**

- Enforcement responsibilities
- Auditing
- Revenue collection
- A function required by statute, contract or executive directive

- Job-required training necessary to maintain licensure or similar standards required for holding a position
- Equipment inspection as required by a contract
- Meetings or training **required** by a grant or to maintain grant funding
- Litigation related (depositions, discovery, testimony)
- Requests by the Federal Government to appear before committees

Mission critical **does not** mean travel to attend:

- Conferences, meetings or seminars (even those that historically have been attended or if a request has been made for your department or an individual to make a presentation)
- Networking opportunities
- Professional development courses
- Continuing education classes/seminars

All OST blankets for fiscal year 2012-13 must be submitted directly to the Governor's Director of Operations by **May 25, 2012**. This deadline provides adequate time for review and approval of OST blankets, and should prevent travel disruptions by reducing the need for departments to submit individual trip requests for travel already included in a blanket that has not yet been approved. Your OST blanket submission will only be accepted on the most recent version of the STD. 260 (REV 4/2012), which can be found by clicking this link-- <http://www.documents.dgs.ca.gov/osp/pdf/std260.pdf>. Submissions on out of date forms will be returned.

If a department has a travel request that needs consideration before their blanket has been approved, they should follow these guidelines:

- Departments are required to submit individual OST requests when a department's OST blanket has been submitted but not yet approved by the Governor's Office. The individual trip requests must be submitted on the revised OST Approval Request Form (STD. 257 REV 4/2012), which can be found by clicking this link-- <http://www.documents.dgs.ca.gov/osp/pdf/std257.pdf>. These requests must be received by the Governor's Director of Operations at least 14 days before travel is scheduled to begin. It is important to note that only submissions on the new form will be accepted. All others will be returned.

If departments do not adhere to this timeframe and if the forms are not filled out accurately and completely, the request may be denied and individual employees will not be reimbursed for travel costs or may be subject to other consequences. Please refer to SAM and Management Memo 04-21 for additional information regarding the consequences of non-compliance with OST requirements.

Please submit all OST blankets to the Governor's Director of Operations by the **May 25, 2012**, deadline. The original blanket or individual OST request must be submitted and routed via a transmittal memorandum through your Agency and sent to:

Office of the Governor  
Attn: Director of Operations

The transmittal memorandum must include the name of a contact person with e-mail and phone number, should follow up or clarifications be necessary.

/s/ Todd Jerue  
Chief Operating Officer

Category & Month	Destination	Title	Number of Days	Total Attending	Funding	Proposed Cost
Program Compliance						
TBA	TBD	AMA	5 @ Each trip	3 (1-2 trips)	GF	\$ 6,500
		<b>Purpose:</b>	<p>Auditing: This trip is requested to perform audits of institutions headquartered out-of-state that participate in the California Student Aid Commission's (Commission) programs which include Cal Grant and Specialized programs. Many corporate intuitions have centralized their financial aid process by maintaining financial aid records at their corporate offices instead of their individual campus. The auditors must travel to the headquarters to review audit documentation to determine compliance. For example, University of Phoenix has several California campuses but their financial aid records are maintained at their headquarters in Phoenix. Likewise, ITT is headquartered in Indiana. Auditing programs validates compliance with regulations and identifies ineligible funds to be returned to the State. Institutions are selected for an audit based on a risk analysis that includes the following risk categories: amount of Cal Grant funds received by the institution, time frame of last audit or no prior audit conducted, severity of findings noted in a prior audit and information that was brought to the Commission's attention. The current audit schedule for 2011-12 has not been finalized. If the trip is denied results could be:</p> <ul style="list-style-type: none"> <li>- funds being disbursed to ineligible students;</li> <li>- funds not disbursed by the participating institution would never be returned to the State;</li> <li>- incorrect student information going undetected; and,</li> <li>- the integrity of the State's Cal Grant programs being jeopardized.</li> </ul>			
Executive						
TBD	TBD	CEA	2 @ Each trip	1 (3 trips)	GF	\$ 3,500
		<b>Purpose:</b>	<p>Fulfill core function of the Department's responsibilities. Between 2001-02 and 2011-12, the State has utilized over \$522 million from the Student Loan Operating Fund (SLOF) for non-loan program expenditures. This includes over \$400 million to offset the General Fund by funding Cal Grant awards. U.S. Education Department (USED) transferred California guaranty function to ECMC. As a result, the SLOF was also transferred to ECMC. The State no longer has control of the uses of the funds that were generated by the loan program. However, the Commission's California student loan portfolio continues to generate revenues for ECMC. Through the Commission's negotiations with USED and ECMC, ECMC continues to provide SLOF funds for the Cal Grant program based on the continued viability of the student loan program. In order for the Commission to maximize ECMC's SLOF funds for Cal Grants, the Commission must keep current on student loan program issues. Commission staff needs to meet with ECMC, USED and Congressional staff regarding policy changes and impacts to the student loan program that may affect the California loan portfolio revenue. Commission staff will always attempt to meet remotely via teleconferencing or web whenever feasible. By not meeting and negotiating in person, there is a potential that California will not maximize the potential revenue from the California loan portfolio and continue to offset the General Fund.</p>			

	<b>Total General Fund Cost: \$ 10,000</b>
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