

Exhibit 1

Action Item

Approval of minutes of November 21, 2013 and December 17, 2013 Minutes

DRAFT

CALIFORNIA STUDENT AID COMMISSION STRATEGIC POLICY & PLANNING COMMITTEE MEETING MINUTES

November 21, 2013

A meeting of the California Student Aid Commission's Strategic Policy & Planning Committee was held on Thursday, November 21, 2013 at Mount St. Mary's College Doheny Campus, Donohue Conference Center, located at 10 Chester Place, Los Angeles, California.

Committee Chair Michele Siqueiros called the meeting to order at 9:07 a.m.

The following Committee Members were present:

Michele Siqueiros, Chair
Nancy Anton
Jacqueline Doud
Hal Geiogue
Harry Le Grande
Jack Scott
John R. McDowell, Jr., Ex Officio

The following Committee Member was absent:

Brian Conley

Roll Call was taken and a quorum was recognized.

CHAIR'S REPORT

Committee Chair Siqueiros welcomed everyone to the meeting at Mount St. Mary's College and noted that the meeting commemorates her two-year anniversary on the Commission.

APPROVAL OF THE MINUTES OF SEPTEMBER 19, 2013

MOVED (Anton), **SECONDED** and **CARRIED** Unanimously, the Committee **APPROVED** the minutes of the September 19, 2013 meeting, as presented.

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In Favor: Committee Members Anton, Doud, Geiogue, Le Grande, Scott and Siqueiros

Absent: Committee Member Conley

UPDATE ON COMPETITIVE PROGRAM

Ms. Catalina Mistler, Chief of the Program Administration and Services Division, presented an update on the Cal Grant Competitive Program and the steps taken by Commission staff to increase the number of paid awards.

There was some discussion regarding the Commission's leave of absence policy, which staff is reviewing to determine whether to continue. There was also some discussion about efforts to amend the Institutional Participation Agreement (IPA) to obtain enrollment files directly from campuses to better identify students who should be paid, including those transferring from community colleges to four-year institutions. Commission staff plans to bring recommendations regarding the leave of absence policy and the IPA to the Committee in February for further consideration.

Committee Chair Siqueiros indicated that staff should move forward with seeking a meeting with California Community Colleges Chancellor Brice Harris to discuss amending the IPA and other next steps. She asked that when staff presents the IPA amendment in February, that they include an update on the impact it would have on campuses, an update on the uptake rate of Cal Grant reserve awards, and any alternatives or strategies for ensuring the 22,500 awards are paid.

UPDATE ON CDR/GRADUATION RATE CERTIFICATION

Ms. Janet McDuffie, Chief of the Administration and External Affairs Division, provided an update on the cohort default rates (CDR) and graduation rates that the Commission recently certified and used to determine Cal Grant eligibility for institutions for the 2014-15 academic year. Her presentation included an overview of the types of institutions that have been determined ineligible since the requirements were instituted four years ago. Some discussion followed regarding institutions that met the statutory exception clause, which allows institutions to remain Cal Grant eligible if their CDR is less than ten percent and graduation rate is above twenty percent.

DISCUSSION OF CDR MANIPULATION

Ms. McDuffie presented an overview of the ways in which institutions can manipulate their cohort default rates (CDR), including the use of loan forbearances, using the CDR of an individual campus or combining multiple campuses, and encouraging private loan borrowing. She indicated that staff anticipates possibly bringing proposals on how to address these issues to the Committee for consideration in February.

Mr. Ed Emerson, Chief of the Strategic Policy, Media and Communications Division, reported on related activities happening at the federal level, including the U.S. Department of Justice's settlement with a for-profit institution that purchased its students' defaulted loans in order to lower its CDR and maintain Title IV eligibility. Further discussion ensued about the possibility of collecting CDR data on private loans.

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Committee Member Anton, who serves as the CDR Manipulation Ad Hoc Committee, reported on her follow-up discussions with Debbie Cochrane, Research Director for The Institute for College Access and Success (TICAS). She noted that the Commission took action in April to: a) reach out to Educational Credit Management Corporation (ECMC) about sharing their data with the Commission, and b) communicate to the U.S. Department of Education about the Commission's concerns and the need to address the issue of CDR manipulation. Some additional discussion followed and Committee Chair Siqueiros agreed to join Committee Member Anton on the Ad Hoc Committee.

MOVED (Scott), **SECONDED** and **CARRIED** Unanimously, the Committee **APPROVED** moving forward with a formal letter to the U.S. Department of Education and any other appropriate stakeholders regarding concerns about CDR manipulation.

In Favor: Committee Members Anton, Doud, Geiogoue, Le Grande, Scott and Siqueiros

Absent: Committee Member Conley

CONSIDERATION OF STATE AND FEDERAL ISSUES AND LEGISLATION

Mr. Emerson provided a status update on the legislative bills and measures on which the Commission has taken a position.

Committee Chair Siqueiros recommended that the Commission reserve its next meeting time to focus on the Commission's legislative priorities within such broader themes as financial aid awareness, aid for competitive programs, work-study, and consumer protection issues, so that the Commission might lead the conversation instead of merely react to it. Executive Director Diana Fuentes-Michel requested that a smaller group of Commissioners also work with staff before the February meeting to provide structure and guidance as to how staff is to work with the Legislature in the second year of the two-year session.

CONSIDERATION OF NEW CALIFORNIA STUDENT OPPORTUNITY AND ACCESS PROGRAM (CAL-SOAP) ALLOCATIONS

Ms. McDuffie provided some historical background on the Cal-SOAP consortia and an overview of the process for changing allocations. Questions were raised about the rationale for the Cal-SOAP allocations. Executive Director Michel noted that the Challenge Grant will expire within the next twenty-four months and the Commission will need to decide on its approach to seeking more funding. She recommended that the Commission support the staff in conducting a series of discussions with the project directors to address those key questions related to the number of students served, their demographic makeup and college-going rates. The Commission agreed with the recommendation, and Chair Siqueiros added that the timeframe to be better informed about the rationale would be the 2015-16 cycle before the next year's budget is approved.

AD HOC COMMITTEE REPORT AND DISCUSSION ON GOVERNANCE POLICIES

Committee Member Geiogoue, who serves on the Governance Policies Ad Hoc Committee with Chief Deputy Director Keith Yamanaka, reported that the Personnel, Evaluation & Nominations (PEN) Committee met on November 19, 2013 and considered

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the issues related to the responsibilities of the Executive Director. He noted that there are eleven other open issues that are for this Committee's consideration.

Committee Member Geiogue mentioned the need for clarification on the conflict of interest and incompatible activities policies. Ms. Keri Tippins, General Counsel, confirmed there are such policies in place that are required and applicable to Commissioners and they function around the decisions the Commissioners make and how they impact a particular situation. Some discussion followed about general situations when a Commissioner might recuse him- or herself from voting.

Committee Member Geiogue requested that the Committee members provide their comments to Chief Deputy Director Yamanaka by January 10, 2014. He anticipates presenting the results and the consensus of recommendations at the February meeting.

NEW BUSINESS TO BE CONSIDERED AT FUTURE COMMITTEE MEETINGS

Committee Member Le Grande proposed the topic of creating a college-going culture by utilizing income data from the California Franchise Tax Board to directly mail to each family to indicate they have dependents and encourage the idea that college is not out of their reach because they cannot afford it.

ADJOURNMENT

There being no further business, the meeting of the Strategic Policy & Planning Committee was adjourned at 11:00 a.m.

MICHELE SIQUEIROS
COMMITTEE CHAIR

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CALIFORNIA STUDENT AID COMMISSION STRATEGIC POLICY & PLANNING COMMITTEE TELECONFERENCE MEETING MINUTES

December 17, 2013

A teleconference meeting of the California Student Aid Commission's Strategic Policy & Planning Committee was held on Tuesday, December 17, 2013 at the Commission's Boardroom located at 11040 White Rock Road in Rancho Cordova, California and the various meeting locations listed on the amended meeting notice dated December 16, 2013.

Committee Chair Michele Siqueiros called the meeting to order at 2:03 p.m.

The following Committee Members were present:

Michele Siqueiros, Chair
Nancy Anton
Brian Conley
Jacqueline Doud
Hal Geiogue
Harry Le Grande
Jack Scott
John R. McDowell, Jr., Ex Officio

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Chair Siqueiros called for public comment and, hearing none, proceeded to the next agenda item.

CHAIR'S REPORT

Chair Siqueiros thanked Commission staff for their work in preparing for the meeting and the Committee Members for meeting during the holidays.

CONSIDERATION OF STATE AND FEDERAL ISSUES AND LEGISLATIVE CONCEPTS AND BILLS

Mr. Ed Emerson, Chief of the Strategic Policy, Media & Communications Division, presented a summary of the measures considered in the first year of the 2013-14 legislative session. In the second year, the Commission will be asked to weigh in on proposals related to the Cal Grant Access awards, veterans' benefits, debit cards, California Work-Study Program, cohort default rate (CDR) manipulation, and a CDR/graduation rate appeal process. Mr. Emerson also provided an update on Commission staff's meetings with the Members and their staffers. Executive Director Diana Fuentes-Michel reported on meetings with the Department of Veterans Affairs and possible joint training and outreach activities in the coming year.

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There was some discussion of current legislative bills and it was noted that the Assembly Speaker has made increasing the Cal Grant B access award a priority in his blueprint for higher education. Additional discussion followed about supporting the restoration of Cal Grant funding to independent colleges.

An ad hoc committee consisting of Commissioners Siqueiros, Doud, Le Grande and McDowell agreed to meet on January 23, 2014 to develop a framework for the Committee's discussion of the immediate Cal Grant policy issues and priorities in February.

CONSIDERATION OF CORRESPONDENCE TO U.S. DEPARTMENT OF EDUCATION CONCERNING COHORT DEFAULT RATE MANIPULATION

Committee Member Anton reported that she and Chair Siqueiros, who comprise the ad hoc committee on CDR manipulation, worked with Ms. Debbie Cochrane, Research Director for The Institute for College Access and Success (TICAS), to develop a letter to the U.S. Department of Education. The draft letter includes a request for California student loan data related to CDR manipulation and urges the Department to include the issue of CDR manipulation in their next negotiated rulemaking session in the spring.

Executive Director Fuentes-Michel indicated that staff would work on finalizing the letter, but due to the Commission Chair's availability during the holidays, the letter may not be signed and sent until January.

NEW BUSINESS TO BE CONSIDERED AT FUTURE COMMITTEE MEETINGS

The Committee may discuss the following topic at the February 2014 meeting:

- Update on the status of a CDR and graduation rate appeal process for institutions.

ADJOURNMENT

There being no further business, the meeting of the Strategic Policy & Planning Committee was adjourned at 3:12 p.m.

MICHELE SIQUEIROS
COMMITTEE CHAIR