

Exhibit 1

Action Item

Approval of minutes of February 20, 2014

DRAFT

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

February 20, 2014

A teleconference meeting of the California Student Aid Commission's Strategic Policy & Planning Committee (SPPC) was held on Thursday, February 20, 2014 at the California Student Aid Commission, Boardroom, located at 11040 White Rock Road, Rancho Cordova, California and the various locations listed on the meeting notice dated February 10, 2014.

Committee Chair Michele Siqueiros called the meeting to order at 9:05 a.m.

The following Committee Members were present:

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

Roll Call was taken and a quorum was recognized.

APPROVAL OF MINUTES OF NOVEMBER 21, 2013 AND DECEMBER 17, 2013

MOVED (Geiogue), **SECONDED** and **CARRIED** Unanimously, the Committee **APPROVED** By Roll Call Vote the minutes of the November 21, 2013 and December 17, 2013 meetings, as presented.

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

CONSIDERATION OF POLICY FORMULATION AND PROPOSALS

Committee Chair Siqueiros reported that in November, the Committee discussed how it could articulate clear priorities to be considered when reviewing policy proposals as well as being proactive on policies and legislation that the Committee would like to see move

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forward statewide in support of the Cal Grant program in California. She noted that an ad hoc committee comprised of Commissioners Doud, Le Grande, McDowell and herself met on January 23rd and developed a draft statement of priorities. Ex Officio McDowell recommended that the final priority statement be incorporated into the Commission's Governance Policies.

Ms. Norine Fuller, Executive Director of Fashion Institute of Design & Merchandising (FIDM), provided an overview of FIDM, including its accreditation, student population, and cohort default and completion rates. She requested that the Commission go along with the budget language that was passed two years ago and allow FIDM to receive the maximum grant for that handful of institutions that have proven to be successful in serving students. Mr. Greg Gollihur commented on Gainful Employment and FIDM's repayment rate.

Commission staff provided lists of Cal Grant eligible and ineligible institutions and their accrediting agencies. Some discussion followed about the eligible institutions that are accredited by the Western Association of Schools and Colleges (WASC). The Committee also discussed the 90-10 rule which requires for-profit colleges to receive no more than ninety percent of their revenues from Title IV federal student aid.

MOVED (Anton), **SECONDED** and **CARRIED** Unanimously, the Committee **APPROVED** By Roll Call Vote the following priority statement bullet as amended:

Changes are in bolded, italicized and underlined text; deletions are in strikethrough text.

- Maximize public investment in California students through financial aid that:
 - Ensures access for low-income and ***historically*** underrepresented ***students in higher education*** in California ~~*students*~~ to ~~*our*~~ ***eligible*** public colleges and universities, ~~*and*~~ non-profit independent colleges ~~*and for-profit eligible WASC-accredited colleges that meet the federal 90-10 rule*~~; and

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

Ms. Debbie Cochrane, Research Director at The Institute for College Access & Success (TICAS), provided a summary of their research on the net price of three Bay Area colleges (a community college, a California State University and a University of California), which showed that the actual cost minus grant aid was far higher at the community college than at the other two colleges. The primary reason is that, although the non-tuition and fee costs are the same regardless of segment, community college students are less likely to receive a Cal Grant and the grants they do receive are a small fraction of the grants received at other segments. Further discussion ensued.

The Committee agreed that no changes were needed to the remainder of the policy priority statement except for the following:

- Influence and inform federal policy on financial aid policy and programs that affect California students, ~~*and*~~ parents ***and college institutions***.

MOVED (Scott), **SECONDED** and **CARRIED** Unanimously, the Committee **APPROVED** By Roll Call Vote the full statement of policy priorities, amended as follows:

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CALIFORNIA STUDENT AID COMMISSION STATEMENT OF POLICY PRIORITIES (2014)

As the primary state agency for administering state-authorized financial aid programs, and in furtherance of its responsibility to provide policy leadership on student financial aid issues, the California Student Aid Commission establishes the following policy priorities to fulfill the state's historic, long-term commitment to ensuring both access to and selection of an institution of higher education for students with financial need:

- Maximize public investment in California students through financial aid that:
 - Ensures access for low-income and **historically** underrepresented **students in higher education** in California **students** to **our eligible** public colleges and universities, **and** non-profit independent colleges **and for-profit eligible WASC-accredited colleges that meet the federal 90-10 rule**; and
 - Ensures sufficient financial support for living expenses and costs of attendance for low-income community college students.
- Maximize the effectiveness of state-authorized financial aid programs through consequential quality standards and consumer protections for students attending any California college.
- Advance awareness of financial aid for California students and parents through sufficient funding and support for comprehensive outreach programs and financial literacy programs that include federal, state and institutional aid, loans and other opportunities to cover the cost of college.
- Influence and inform federal policy on financial aid policy and programs that affect California students, **and** parents **and college institutions**.
- Maximize the effectiveness of state-authorized financial aid programs through sufficient funding and support for the operations of the California Student Aid Commission.

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

UPDATE ON CDR MANIPULATION ISSUE

Mr. Ed Emerson, Chief of the Strategic Policy, Media & Communications Division, reported that the U.S. Department of Education has decided to exclude the Cohort Default Rate (CDR) manipulation issue from the negotiated rulemaking process without comment.

CDR Manipulation Ad Hoc Committee Member Anton suggested seeking data from Educational Credit Management Corporation (ECMC) to determine to what degree that CDR manipulation is a problem, and then contacting the State Legislature. Executive Director Diana Fuentes-Michel announced that ECMC has experienced a change in leadership and their representatives will be meeting with Commission staff in March, when staff will raise this item.

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Committee Chair Siqueiros indicated that next steps involve Commission staff reporting back at the next Committee meeting on whether or not the Commission can obtain data from the U.S. Department of Education or should continue seeking it. The Committee can then review whether to ask State policy makers to take action or not.

CONSIDERATION OF AMENDING THE COMMISSION GOVERNANCE POLICIES

Governance Policies Ad Hoc Committee Member Geiogue presented the remaining open issues for which has been developed a Committee consensus recommendation. Committee Member Geiogue recommended that the Committee adopt all of the Committee's consensus recommendations, after which the Ad Hoc Committee would return in April to present a final draft that included the consensus recommendations of the SPPC and the Personnel, Evaluation & Nominations (PEN) Committee.

Some concerns were raised about the need to avoid micro-managing, and to eliminate unnecessary language regarding the Executive Director's role that might be more appropriately stated in an employment contract. Committee Member Geiogue clarified that the PEN Committee dealt with the Executive Director's responsibilities and can reopen the issue to consolidate that section of the policies. He noted that the open issues currently up for consideration by the SPPC do not deal with the Executive Director. Some additional wording edits were suggested.

MOVED (Anton), **SECONDED** and **CARRIED** Unanimously, the Committee **APPROVED** By Roll Call Vote the recommendation to adopt the eleven SPPC consensus recommendations and present the Governance Policies to the Full Commission in April for approval.

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

CONSIDERATION OF STATE AND FEDERAL ISSUES AND LEGISLATION AFFECTING COMMISSION PROGRAMS

Executive Director Fuentes-Michel introduced the Commission's new Legislative Director, Dr. Angelo Williams.

Mr. Ed Emerson presented the legislative measures introduced in the second half of the 2014-15 legislative session. He noted that the last day to introduce bills is February 21, 2014, the day after this month's Commission meeting, and proposed that the Committee meet in March to consider additional legislation such as Senator Hannah Beth Jackson's bill proposal, which was just announced, to set aside a portion of the Competitive Cal Grant awards for long-term unemployed people in California.

Discussion ensued and some concerns were raised about Assembly Bill (AB) 330 (Chau) which currently has a lot of opposition, and AB 1456, the Pay It Forward/Pay It Back bill. Mr. Emerson indicated that AB 330 would be included in the next update for discussion, and staff is closely watching AB 1456.

NEW BUSINESS BE CONSIDERED AT FUTURE COMMITTEE MEETINGS

The Committee had no new business.

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ADJOURNMENT

There being no further business, the meeting of the Strategic Policy & Planning Committee was adjourned at 11:01 a.m.

MICHELE SIQUEIROS
COMMITTEE CHAIR