

Exhibit 1

Action Item

Approval of minutes of March 20, 2014 and April 10, 2014

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

March 20, 2014

A teleconference meeting of the California Student Aid Commission's Strategic Policy & Planning Committee (SPPC) was held on Thursday, March 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 amended meeting notice dated March 18, 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 Geiogoue
Harry Le Grande
Jack Scott
John R. McDowell, Jr., Ex Officio

Roll Call was taken and a quorum was recognized.

CHAIR'S REPORT

Committee Chair Siqueiros announced that the purpose of the meeting is to determine the Committee Members' reactions to some proposed legislation, keeping in mind the Commission's policy priorities.

CONSIDERATION OF STATE AND FEDERAL ISSUES AND LEGISLATION AFFECTING COMMISSION PROGRAMS

Dr. Angelo Williams, Legislative Director, provided a summary of the meetings between Commission staff and Legislative Members, Budget Committee Chairs and/or their staffers. In addition, Executive Director Diana Fuentes-Michel provided an overview of the recent Senate Budget & Fiscal Review Subcommittee No. 1 and Assembly Budget Subcommittee No. 2 hearings, during which Commission staff provided an update on the implementation of the Middle Class Scholarship, highlighted the expiration of the Federal College Access Challenge Grant and spoke to the adjustments in the Governor's proposed budget. Executive Director Michel indicated that Members of the Senate Budget & Fiscal Review Subcommittee expressed concern about the

California Student Aid Commission

Commission's capacity to serve students in terms of its operating budget. She also reported that the Educational Credit Management Corporation (ECMC) would no longer be providing financial support to the Cal Grant program beginning this year. However, the Department of Finance had indicated during the Senate hearing that it would provide General Fund support for the \$60 million that had been earmarked to be received from ECMC.

Dr. Williams presented a partial list of legislative bill proposals, including trailer bill language, that was introduced in the second year of the 2013-14 legislative session, noting his intention to present the full legislative report at the April 10, 2014 Commission meeting. Committee Member Conley requested that the Committee consider asking for the necessary funding for any legislative bills that it decides to support.

Assembly Bill (AB) 1590 (Wieckowski)

Questions arose and Ms. Keri Tippins, General Counsel, commented that the U.S. Department of Education had indicated it was planning to change its publication date of graduation rate data to make it available in October; however, this change has not yet been made. If the date was switched to November 1, it would allow the Commission to use the September 30 cohort default rate (CDR) data and the October graduation rate data in making the certification. More discussion ensued regarding the impact on the CDR of substituting Perkins Loan data with Stafford Loan data. Ms. Tippins commented that new institutions cannot participate in the Perkins Loan program; this measure attempts to address those institutions that manipulate their CDRs by not participating in the Stafford Loan program upon which the CDR is based; thereby allowing them to opt out of the CDR calculation process. It also attempts to address the possibility of institutions manipulating the CDR by packaging students with private loans which may be less advantageous than Federal loans.

MOVED (Anton), **SECONDED** and **CARRIED** Unanimously, the Committee **APPROVED**, by Roll Call Vote, the staff recommendation to **SUPPORT AB 1590 (Wieckowski)**.

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

Absent: Committee Member Geiogue

AB 1456 (Jones-Sawyer): Pay It Forward - Pay It Back

Concerns were raised about AB 1456 (Jones-Sawyer), such as the potential acceleration of college cost growth, the likelihood that students will ultimately pay more, the reduction in college affordability, and the impact of increased debt on alumni giving. There was some discussion about whether to watch, take no position, and/or refer the bill to the Full Commission.

A **MOTION** (Le Grande), **SECONDED** (Anton), to SUPPORT AB 1456 (Jones-Sawyer) if there are resources to conduct a study was **AMENDED** as follows:

MOVED (Le Grande), **SECONDED** (Doud) and **CARRIED**, the Committee **ADOPTED**, by Roll Call Vote, a **WATCH** position on **AB 1456 (Jones-Sawyer)**; **SUPPORTED** the assignment of the study to the California Student Aid Commission; and **REFERRED** this item for full discussion at the next Commission meeting.

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

Abstain: Committee Member Anton

Absent: Committee Member Geiogue

AB 330 (Chau)

Some discussion followed and Executive Director Fuentes-Michel reported that the bill was heard in the Assembly Higher Education Committee where some for-profit institutions had expressed

California Student Aid Commission

concerns about the additional reporting requirements. She also commented that some Members were concerned about the cost implications on the public sector and, with regard to the for-profit sector, wanted to be assured that the bill was in line with the Committee's previous actions related to monitoring the quality of education. Additionally, Executive Director Fuentes-Michel noted that Members are aware of a report by the Bureau of State Audits on the effectiveness of the Bureau of Private Postsecondary Education.

MOVED (Siqueiros), **SECONDED** and **CARRIED**, the Committee **APPROVED**, by Roll Call Vote, the staff recommendation to **SUPPORT AB 330 (Chau)**.

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

Absent: Committee Member Geiogoue

Trailer Bill Language

Discussion ensued about the similarities between the Trailer Bill Language and AB 1976 (Quirk-Silva). Executive Director Fuentes-Michel commented that Assembly Member Quirk-Silva has indicated that the Governor's proposal addressed her concern about renewal eligibility criteria.

MOVED (Siqueiros), **SECONDED** and **CARRIED** Unanimously, the Committee **APPROVED**, by Roll Call Vote, the staff recommendation to **SUPPORT the Trailer Bill Language**.

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

Further discussion ensued regarding AB 1677 (Gomez) and Dr. Williams indicated that staff would work with the author to strengthen the bill language to ensure that recipients who do not fulfill their loan assumption agreements would be required to repay their student loans.

There was also some discussion about AB 1976 (Quirk-Silva), which would increase the number of Competitive Cal Grants from 22,500 to 50,000. The bill goes toward the Commission's priority of helping the neediest students, but would require major support and lobbying effort due to the increased cost. Executive Director Fuentes-Michel explained that staff has been articulating the Commission's support of this bill as a budget priority, not a legislative priority; however, the Committee can take a position on the legislation even though it will be moved to the budget language. Commission staff was asked to provide an update at the April meeting on how much closer the Commission is getting toward its goal of paying 22,500 awards, as well as information on how the Commission evaluates eligibility to award them.

Some discussion followed about AB 1781 (Linder) and the use of the Cal Grant in the summer and/or intersession term.

NEW BUSINESS BE CONSIDERED AT FUTURE COMMITTEE MEETINGS

The Committee had no new business.

ADJOURNMENT

There being no further business, the meeting of the Strategic Policy & Planning Committee was adjourned at 11:48 a.m.

MICHELE SIQUEIROS
COMMITTEE CHAIR

California Student Aid Commission

CALIFORNIA STUDENT AID COMMISSION STRATEGIC POLICY & PLANNING COMMITTEE MEETING MINUTES

April 10, 2014

A meeting of the California Student Aid Commission's Strategic Policy & Planning Committee (SPPC) was held on Thursday, April 10, 2014 at the California Student Aid Commission, Boardroom, located at 11040 White Rock Road, Rancho Cordova, California.

Acting Committee Chair Jacqueline Doud called the meeting to order at 9:00 a.m.

The following Committee Members were present:

Jacqueline Doud, Acting Committee Chair
Nancy Anton
Brian Conley
Hal Geiogue
Harry Le Grande
Jack Scott

The following Committee Members were absent:

Michele Siqueiros, Committee Chair
John R. McDowell, Jr., Ex Officio

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

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

APPROVAL OF MINUTES OF FEBRUARY 20, 2014

MOTION (Conley), **SECONDED** and **CARRIED** Unanimously, the Committee **APPROVED** the minutes of February 20, 2014.

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

Absent: Committee Member Siqueiros

CONSIDERATION OF STATE AND FEDERAL LEGISLATION AND ISSUES AFFECTING COMMISSION PROGRAMS

Dr. Angelo Williams, Legislative Director, reported that the Committee met on March 20, 2014, considered some legislative proposals, and made recommendations which will later be brought before the Full Commission. Dr. Williams presented an update on additional legislative measures for the Commission's consideration. There was some discussion about Assembly Bill (AB) 1456 (Jones-Sawyer), including concerns about starting a pilot program that would shift the cost of education to students.

California Student Aid Commission

MOTION (Conley), **SECONDED** and **CARRIED** Unanimously, the Committee **ADOPTED** a **NEUTRAL** position on AB 1456 (Jones-Sawyer), with a **SUPPORT** position on the assignment of a study to the California Student Aid Commission.

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

Absent: Committee Member Siqueiros

There was also some discussion about AB 1976 (Quirk-Silva), including questions about the demographic profile and success rate of students who receive Competitive awards. It was noted that since AB 1976 is a big bill, the Assembly Speaker's Office would need to see support for it from the field.

Acting Committee Chair Doud indicated that the Committee would watch and continue to study the debit card bills, AB 1927 (Frazier) and Senate Bill (SB) 845 (Correa). Some discussion followed about AB 1781 (Linder) and AB 1862 (Melendez), which pertain to the California National Guard and Military Reserve; concerns were raised about the course load and financial need requirements. Concerns were also raised about AB 1028 (Jackson), as it appears to be overly prescriptive by giving priority to the long-term unemployed and occupational training programs.

Executive Director Fuentes-Michel discussed the development of baseline projections and the role of Commission staff during the legislative process. A request was made to include in future agendas a summary of legislative bills that the Commission supports, their fiscal analyses and associated budget priorities. Additionally, Ms. Catalina Mistler, Chief of the Program Administration & Services Division, provided an update on the Commission's first data exchange in partnership with the California Department of Education.

UPDATE ON COMPETITIVE PROGRAM

Ms. Mistler presented a report on the utilization rate of the Competitive Cal Grant Program, including the significant progress made, results of the workgroup consultations, and staff recommendations to increase the number of paid Competitive Cal Grant offered awardees. Mr. Tae Kang, Program Support Services Manager of Cal Grant Operations, reported that the increase in deferred awards is a result of increased training on the proper use of the leave of absence, and the implementation of a new adjustment code signifying half-time enrollment.

Committee Member Anton **MOVED**, and Committee Member Le Grande **SECONDED**, to approve the following staff recommendation:

For the current 2013-14 and 2014-15 academic years, authorize staff to:

1. Establish priority within a single group of students with the same Competitive score, to allow available awards to be made to some, but not all, students within that group by increasing the points assigned to the Grade Point Average (GPA) from 200 to 1,000.

A comment was made about the recommendation being more of an administrative issue than a policy issue. As a result, the **MOTION** was **WITHDRAWN**. Acting Committee Chair Doud announced that the Committee endorses the staff recommendation.

There was some discussion about the staff recommendation to establish deadlines to withdraw awards and recycle them to the next group of students. Ms. Keri Tippins, General Counsel and Chief of the Legal & Audit Services Division, mentioned one of the concerns about having a first-come, first-served basis is that students cannot control how quickly their schools disburse their

California Student Aid Commission

awards. Ms. Mistler indicated that staff is working closely with schools to make the process as efficient as possible.

CONTINUATION OF CONSIDERATION OF STATE AND FEDERAL LEGISLATION AND ISSUES AFFECTING COMMISSION PROGRAMS

Some discussion ensued regarding AB 1976 (Quirk-Silva) and the anticipated budget appropriations.

MOTION (Anton), **SECONDED** and **CARRIED** Unanimously, the Committee **APPROVED** a position of **SUPPORT** for AB 1976 (Quirk-Silva) when budget funds are available.

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

Absent: Committee Member Siqueiros

NEW BUSINESS BE CONSIDERED AT FUTURE COMMITTEE MEETINGS

The Committee may discuss the following items at future meetings:

- Update on the public-private partnership to provide data to outside agencies; and
- Update on the cohort default rate issue.

ADJOURNMENT

There being no further business, the meeting of the Strategic Policy & Planning Committee was adjourned at 10:57 a.m.

JACQUELINE DOUD
ACTING COMMITTEE CHAIR