

## **CAL GRANT BUDGET UPDATE**

### **May 27, 2004**

In recent hearings, the Senate and Assembly Budget Subcommittees took the following actions in regard to the Governor's proposed budget for 2004-2005.

#### **Cal Grant Program**

- Rejected proposed:
  - Statutory change in Cal Grant income ceilings;
  - Reduction in the size of the Cal Grant award to students attending private institutions from \$9,708 to \$5,482 annually;
  - "Decoupling" of the Cal Grant award amount from future increases in segmental fees by the University of California and the California State Universities (14% increase proposed for 2004-05);
  - Reduction of the Competitive Cal Grant annual amount of 22,500 awards by 5,625 awards to 16,875 annually.
  
- Increased the Cal Grant Program budget by \$34.2 million (based on revised projections) to meet growth in the number of recipients.

#### **APLE Program**

- Rejected the Governor's proposal to reduce the number of Assumption Program of Loans for Education (APLE) awards from 7,700 to 3,500 and the statutory criteria for priorities.

#### **The Commission's Auxiliary, EDFUND**

- Rejected the proposed shift of \$134 million from the Student Loan Operating Fund (SLOF) to replace General Fund Cal Grant support, and shifted \$49.3 million from the SLOF to the General Fund in support of the Cal Grant programs, including but not limited to:
  - Currently established Cal Grant income levels;
  - Private/Independent colleges maximum award amounts;
  - Support of the Competitive Cal Grant program at its current statutory award amount level of 22,500 annual awards.
  
- Endorsed the Commission's efforts to diversify EDFUND's business and establish a prudent "reserve."