

Action/Information Item

California Student Aid Commission

Consideration of Guiding Principles for the 2007-08 Budget Discussions

The Commission is asked to annually adopt grant and loan programs guiding principles for budget discussions that the Executive Director and staff may utilize during budget hearings with the Administration and Legislature.

The guiding principles for budget discussions take into consideration the Commission's adopted Legislative Principles and the Governor's proposed budget. For the last couple of years, these principals basically addressed the preservation of the program and associated funding due to proposed reductions.

Although the State continues to deal with a General Fund shortfall, the Governor's proposed 2007-08 budget continues to support the Cal Grant Program and does not include any reductions to the program. The State recently approved a change in the age limit for the Cal Grant Transfer Entitlement Program that allowed more students to qualify for the award, but there has not been any recent increase in the number of Cal Grant Competitive awards or the amount of the Cal Grant B access award.

The Governmental Relations Committee met on February 14, 2007 to discuss Legislative Principles and is recommending that these principles promote the expansion of the Cal Grant programs. Therefore, the Cal Grant Program Guiding Principles for 2007-08 have been revised to indicate the Commission's commitment to not only support the maintenance of the existing programs but also support expansion of the programs.

EDFUND President Sam Kipp reviewed and provided comments on a draft of loan program guiding principles developed by Commission staff. In light of his comments and the need for further contemplation of the changes to the loan program being proposed by the President and Congress, Commission staff is considering revisions to the loan program guiding principles. Therefore, discussion of the loan program guiding principles is being deferred to a future meeting.

Recommended Action: Approval of the Cal Grant Guiding Principles for the 2007-08 budget discussions.

Responsible Staff: Janet McDuffie
Chief, Management Services and Acting Chief,
Federal Policy & Programs

Proposed Cal Grant Program Guiding Principles for the 2007-08 Budget Discussions

California statute (Education Code §66021.2) adopted as part of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (SB 1644, Chapter 403, Statutes of 2000) affirms the state's historic commitment to provide educational opportunity to students pursuing a higher education by ensuring both student access and choice for students with financial need and who meet academic criteria.

The California Student Aid Commission (Commission) has a long-standing commitment to pursue increased resources for student financial aid. Therefore, the Commission continues to support the policies adopted by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act and opposes any changes which would undermine them. Consequently, the following policy principles are the priorities of the Commission, and the Commission urges the Governor and Legislature to support them:

❖ PRESERVE AND EXPAND THE CAL GRANT ENTITLEMENT PROGRAMS

- **Eligibility Requirements**
 - Maintain statutory GPA requirements
 - Maintain statutory income ceiling
 - Support eligibility requirements that provide greater student access to the program
- **Award Value**
 - Cover full-fee funding for University of California and California State University students
 - Retain the current maximum award amount for nonpublic postsecondary institutions and support the development of a statutory formula that adjusts the maximum award amount for nonpublic postsecondary institutions and would not be subject to the annual budget process
 - Support increases to the Cal Grant B access award

❖ PRESERVE AND EXPAND THE CAL GRANT COMPETITIVE PROGRAM

- **Eligibility Requirements**
 - Maintain statutory GPA requirements
 - Maintain statutory income ceiling
 - Support eligibility requirements that provide greater student access to the program
- **Award Value**
 - Cover full-fee funding for University of California and California State University students
 - Retain the current maximum award amount for nonpublic postsecondary institutions and support the development of a statutory formula that adjusts the maximum award amount for nonpublic postsecondary institutions and would not be subject to the annual budget process
 - Support increases to the Cal Grant B access award
- **Number of Awards**
 - Support increases in the number of awards

**Proposed
Loan Program Guiding Principles
for the 2007-08 Budget Discussions**

Discussion of the proposed Loan Program Guiding Principles for the 2007-08 budget discussions will be postponed to a future meeting.