

**Information/Action Item**

***California Student Aid Commission***

**Update on the 2010-11 Budget and the Governor's Proposed  
2011-12 Budget**

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The Governor presented his proposed 2011-12 Budget to the Legislature on January 10, 2011. A summary of the major adjustments to the Commission's budget is provided below and in Tabs 2.a and 2.b. Additional negotiations will occur between the Legislature and the Governor that could still affect the Commission's 2011-12 budget. Also, if the Governor's proposal to place a tax initiative on the June ballot is not approved by the Legislature or if the initiative is not approved by the voters, the Commission's budget could be reduced.

**2010-11 State Budget**

Programs

- Increase of \$148 million in General Fund for the Cal Grant (\$147 million) and Specialized Programs (\$1 million) in the 2010-11 fiscal year.
  - Staff is monitoring the current Cal Grant Program appropriation authority and expects to request an augmentation in February or March.

Operations

- Decrease of the \$1.2 million and nine positions appropriated in 2010-11 to reestablish services previously provided by EdFund due to the Administration's impression that Educational Credit Management Corporation (ECMC) is assuming all services.
  - Staff has submitted a request to use \$267,000 and hire four staff near the end of the 2010-11 fiscal year. These resources are needed primarily to purchase a printer and hire the staff necessary to print the Cal Grant award notices and other letters to students so there is no break in services beginning July 2011. ECMC is assisting with transitioning the letters from the mainframe format EdFund used to a format that will work on a smaller printer. This is necessary as ECMC will only maintain the mainframe until the student loan data is transferred to ECMC's data system. The Commission does not have the resources to maintain the mainframe.
- Decrease of \$523,000 to reflect the continued monthly unpaid personal leave.
- Decrease of \$592,000 and 6 positions due to the Governor's Workforce Cap.

## 2011-12 State Budget

### Programs

- \$372 million increase in the Cal Grant Program (based on staff projections) resulting from higher participation levels in the Entitlement programs and the fee increases at the University of California and California State University.
- \$30 million shift in funding from the General Fund to the Student Loan Operating Fund for the Cal Grant Program.
- \$946.8 million shift in funding from the General Fund to the federal Temporary Assistance for Needy Families Program (TANF, known in California as CalWorks) for the Cal Grant Program.

### Operations

- \$257,000 decrease in Student Loan Operating Fund to reflect the elimination of the Federal Policy and Programs staff and operations budget.
- Increase in personal services to reflect the ending of the monthly unpaid personal leave.

### **Additional Information**

- On February 15, 2011, the Governor issued Executive Order B-03-11 to impose a hiring freeze on all state agencies. The Executive Order does provide for agencies to request exemptions. The exemption process will be determined by the Department of Finance.
- Department of Finance authorized an additional \$33.6 million for the 2009-10 Cal Grant Program representing payments due to institutions from June 2010 through December 2010. The State Controller's Office has directed staff to process only two or three claim schedules per day. Therefore, it will take approximately 2 weeks to process all of the pending claim schedules.

**Responsible Person(s):** Janet McDuffie, Chief  
Administration & External Affairs Division

**CALIFORNIA STUDENT AID COMMISSION  
2011-12 PROGRAM (LOCAL ASSISTANCE) BUDGET  
Per Governor's Proposed Budget  
(\$ in millions)**

PROGRAM	2010-11 Budget *	2011-12			
		CSAC Projections	Subtotal	Governor's Proposed Adjustments	Total
<b>Cal Grants</b>					
Entitlement	\$1,153.9	\$218.9	\$1,372.8	\$0.0	\$1,372.8
Competitive	\$129.6	\$3.2	\$132.8	\$0.0	\$132.8
Cal Grant C	\$11.1	\$0.2	\$11.3	\$0.0	\$11.3
<b>Subtotal Cal Grants</b>	<b>\$1,294.6</b>	<b>\$222.3</b>	<b>\$1,516.9</b>	<b>\$0.0</b>	<b>\$1,516.9</b>
<b>Other Programs</b>					
APLE	\$37.3	\$1.4	\$38.7	\$0.0	\$38.7
CAL-SOAP	\$7.3	\$0.0	\$7.3	\$0.0	\$7.3
Chafee Foster Youth	\$12.9	\$0.0	\$12.9	\$0.0	\$12.9
BYRD	\$5.7	\$0.0	\$5.7	\$0.0	\$5.7
Grad APLE	\$0.2	\$0.0	\$0.2	\$0.0	\$0.2
Child Development	\$0.3	\$0.0	\$0.3	\$0.0	\$0.3
Law Enforcement	\$0.1	\$0.0	\$0.1	\$0.0	\$0.1
National Guard APLE	\$0.2	(\$0.2)	\$0.0	\$0.0	\$0.0
SNAPLE - NF	\$0.4	\$0.2	\$0.6	\$0.0	\$0.6
SNAPLE - NSF	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
CNG EAAP	\$3.0	\$0.0	\$3.0	\$0.0	\$3.0
Cash for College	\$0.2	\$0.0	\$0.2	\$0.0	\$0.2
John R. Justice Grant	\$0.9	\$0.0	\$0.9	\$0.0	\$0.9
<b>Subtotal Other Programs</b>	<b>\$68.5</b>	<b>\$1.4</b>	<b>\$69.9</b>	<b>\$0.0</b>	<b>\$69.9</b>
<b>TOTAL LOCAL ASSISTANCE</b>	<b>\$1,363.1</b>	<b>\$223.7</b>	<b>\$1,586.8</b>	<b>\$0.0</b>	<b>\$1,586.8</b>

FUNDING SOURCES	2010-11 Budget *	CSAC Projections	Subtotal	Governor's Proposed Adjustments	Total
<b>Cal Grants</b>					
General Fund	\$1,183.5	\$327.9	\$1,511.4	(\$976.7)	\$534.7
Student Loan Operating Fund	\$100.0	(\$100.0)	\$0.0	\$30.0	\$30.0
Federal Trust Fund	\$11.1	(\$5.6)	\$5.5	\$0.0	\$5.5
Reimbursement	\$0.0	\$0.0	\$0.0	\$946.7	\$946.7
<b>Other Programs</b>					
General Fund	\$31.0	\$1.4	\$32.4	\$0.0	\$32.4
Student Loan Operating Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal Trust Fund	\$14.7	\$0.0	\$14.7	\$0.0	\$14.7
Reimbursement	\$22.8	\$0.0	\$22.8	\$0.0	\$22.8
<b>All Programs</b>					
General Fund	\$1,214.5	\$329.3	\$1,543.8	(\$976.7)	\$567.1
Student Loan Operating Fund	\$100.0	(\$100.0)	\$0.0	\$30.0	\$30.0
Federal Trust Fund	\$25.8	(\$5.6)	\$20.2	\$0.0	\$20.2
Reimbursement	\$22.8	\$0.0	\$22.8	\$946.7	\$969.5

\* 2010-11 Budget includes the current year projections assumed in the Governor's Proposed 2011-12 Budget.

**CALIFORNIA STUDENT AID COMMISSION  
2011-12 STATE OPERATIONS BUDGET  
Governor's Proposed Budget  
(\$ in thousands)**

	2010-11	2011-12
<b>Personal Services</b>	\$ 8,449	\$ 8,532
<b>Operating Expenses</b>	\$ 2,370	\$ 2,471
<b>TOTAL</b>	<b>\$ 10,819</b>	<b>\$ 11,003</b>
<b><u>Funding Sources:</u></b>		
General Fund	\$ 9,696	\$ 10,112
Student Loan Operating Fund	\$ 232	\$ -
Federal Trust Fund	\$ 263	\$ 263
Reimbursements	\$ 628	\$ 628
	<b>\$ 10,819</b>	<b>\$ 11,003</b>

<b>Authorized Positions</b>	<b>2010-11</b>	<b>2011-12</b>
<b>Permanent</b>	<b>110.5</b>	<b>107.5</b>
<b>Temporary Help</b>	<b>2.2</b>	<b>2.2</b>
<b>TOTAL</b>	<b>112.7</b>	<b>109.7</b>

The 2010-11 and 2011-12 Budget reflects the Governor's Proposed \$1.2 million reduction due to ECMC providing services previously provided by EdFund.