

**California Student Aid Commission
2009-10 Budget
Major Adjustments**

State Operations:

- Funding will be reduced to reflect a reduction in employee compensation achieved through the collective bargaining process (which is expected to be the equivalent of two furlough days per month beginning February 2009 until the bargaining agreement is approved and then one furlough day a month through June 30, 2010).

Programs:

- **Retention** of the \$174.1 million General Fund increase in the Cal Grant Program as follows:
 - \$150.1 million resulting primarily from a current-year surge in renewals, higher than expected new awards, and anticipated undergraduate fee increases for UC and CSU (9.3 percent and 10 percent, respectively); plus
 - \$24 million to backfill the use of one-time Student Loan Operating Fund resources.
- **Removal** of the proposed \$87.5 million General Fund decrease in the Cal Grant Program to reflect cost savings measures proposed to keep costs flat from year to year. Those policy proposals included:
 - freezing income eligibility limits (\$7 million);
 - reducing the maximum award for new students attending non-public institutions from \$9,708 to \$8,322 (\$11 million);
 - elimination of the Cal Grant Competitive Program (\$52.9 million); and
 - partially decoupling awards to public institutions from fee increases (\$16.6 million, which reflects approximately one-third of the undergraduate fee increases assumed for UC and CSU in 2008-09).
- **Removal** of the proposed \$192.6 million shift in Cal Grant Program General Funds to federal Temporary Assistance for Needy Families (TANF) reimbursements from the Department of Developmental Services as part of the Administration's proposed solution on meeting the federal maintenance of effort requirements for TANF.

Consolidation and Decentralization

- **Removal** of the proposal to consolidate the functions of California Postsecondary Education Commission (CPEC) and the Commission through a reorganization proposal and to decentralize the administration of financial aid, including Cal Grants, to the higher education segments. This reorganization was intended to:
 - eliminate duplicative handling of financial aid awards;
 - reduce administrative costs at the segment level;
 - eliminate duplicative overhead costs in state operations; and
 - create one-stop packaging of financial aid that will benefit students.

Student Loan Operating Fund

- **Addition** of authority for the State Controller to use the moneys in the Student Loan Operating Fund for loans to the General Fund with interest to be paid on all moneys loaned to the General Fund. However, this does not authorize any transfer that will interfere with the carrying out of the object for which the Student Loan Operating Fund was established.