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Action/Information Item

California Student Aid Commission

Consideration of EdFund Non-Loan Program Budget Expenditures For Fiscal Year 2008-2009, Including Recommendations on the Potential for Funding Cal-SOAP Projects to Bridge the Gap in Timing Between the Start of the State Fiscal Year and the Availability of Federal Fund Under the Federal College Access Challenge Grant

The Governor and Legislature have agreed to fund Cal-SOAP from the new Federal College Access Challenge Grant for 2008-09. However, the federal grant funds will not be awarded until sometime in late August or possibly early September. The federal funds cannot be used prior to the award date, so there is a "gap" in funding from July 1, 2008 until the federal award begins. Neither the Governor nor the Legislature has appropriated funds for the "gap" for Cal-SOAP.

In addition, the Solano Cal-SOAP is not eligible to receive funds from the Federal College Access Challenge Grant. The federal grant funds may only be used to fund programs that were in operation on September 27, 2007, the date the federal funds were authorized. The Solano Cal-SOAP was redeveloped through a planning grant during the 2007-2008 fiscal year and funded for the fourth quarter of that year. A full year's funding for the Solano project is \$300,000.

As a result of the funding gap, 11 Cal-SOAP projects will offer no services until funding is confirmed. Seven of these projects have laid off all staff and temporarily closed their doors. Funding for the first quarter, particularly for the months of August and September, is critical to maintain the momentum of the project and to hire and train student tutors and advisors. A delay in hiring student tutors and advisors will result in a reduction of the core services of the Cal-SOAP program. In addition, some projects anticipate they may not meet the statutory requirement that a minimum of 30% of their state allocation, or the equivalent, be expended in compensation to student tutors and advisors.

CSAC staff estimated the 2008-09 first quarter costs based on the costs reported for the first quarter of 2007-2008 (see chart below). Given that most of the Cal-SOAP projects have already reduced staff and services, the actual costs for the gap period are expected to be less than the amounts expended in 2007-08 for the same period. If the federal funds become available for September, the cost would be reduced even more. However, at this time, CSAC staff recommends a maximum funding level for the gap of up to \$1.5 million to cover the first quarter gap costs and to fund Solano for a full year.

Consortium	2007-08 1st Qtr. Payment
Central Coast	\$ 41,950.07
Central Valley	\$ 55,735.85
East Bay	\$ 51,306.00
G. Long Beach	\$ 51,028.08
Los Angeles	\$ 157,887.50
Merced	\$ 71,983.93
North Valley	\$ 80,835.61
Northcoast	\$ 75,256.10
Sacramento	\$ 85,185.39
San Diego	\$ 210,229.45
San Francisco	\$ 57,953.00
San Jose	\$ 106,689.00
Santa Barbara	\$ 110,130.85
South Co. Gilroy	\$ 52,241.38
S. San Joaquin	\$ 58,520.37
Total	\$ 1,266,932.58

The Governor's and Legislature's actions to not appropriate funds to fill the Cal-SOAP gap, do not preclude the Commission from considering taking action to fund the gap from the Student Loan Operating Fund. If such an action is taken, the Commission's action will be sent to the Department of Finance per Education Code Section 69522(d) and Senate Bill 89 (Chapter 182, Statutes of 2007).

At the June 26-27, 2008 Commission meeting, the Chair Hankwitz asked President Kipp to propose ways in which EdFund could assist the Commission in continuing to serve students in California by funding Cal-SOAP projects to bridge the gap in timing between the start of the State fiscal year and the availability of federal funds expected under the Federal College Access Challenge Grant. Chair Hankwitz sent a letter on July 3, 2008 to President Kipp reiterating his request and asked for proposals by July 15, 2008.

The Commission should consider taking action that indicates Commission support for these efforts.

Recommended Action: Approve the following:

The Commission:

1. Supports the use of the Student Loan Operating Fund to fill the Cal-SOAP gap;

2. Authorizes the Chair to send a letter to the EDFUND Board and President that indicates EDFUND should recommend how it can assist the Commission with allocating up to \$1,500,000 from the Student Loan Operating Fund to be used for SFY 2008-09 Cal-SOAP activities to bridge the gap in timing between the start of the state fiscal year and the availability of federal funds under the Federal College Access Challenge Grant, including \$300,000 to fund the Solano Cal-SOAP for 2008-09; and
3. Would consider approving an amendment to the 2007-08 Loan Program Budget and authorizing the funding of the Solano Cal-SOAP in the 2008-09 Loan Program Budget for this purpose.