

## Information/Action Item

### *California Student Aid Commission*

Update on state and federal issues and legislation, including update on 2010-11 State budget issues relating to Commission programs and operations

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#### **2010 Legislative Update**

The second half of the 2009-10 Legislative Session began on January 5, 2010, and ended on August 31, 2010. The Legislature had until that date to pass bills, and Governor Schwarzenegger has until September 30<sup>th</sup> to sign or veto them.

Below is an outline of Commission bills and their status at the time of the preparation of this tab. If any of the bill statuses have changed by the date of the Commission meeting, staff will provide an oral update to the Commission. Tab 10.a provides brief summaries of each bill.

#### Chaptered Bills (Passed by the Legislature and signed by the Governor):

- SB 1382 (Committee on Veterans affairs) Commission Position: Sponsor

#### Enrolled Bills (Passed by the Legislature and awaiting the Governor's signature):

- SB 957 (Price) Commission Position: Support
- AB 1436 (Portantino) Commission Position: None taken
- AB 1997 (Portantino) Commission Position: Support
- AB 2086 (Coto) Commission Position: Support

#### Bills on the Floor (Not yet passed by the Legislature, but still alive):

- SB 1460 (Cedillo) Commission Position: Support

#### Vetoed Bills:

- None

#### Failed Bills:

- AB 1703 (Knight) Commission Position: Support
- AB 1761 (Fong) Commission Position: Sponsor
- AB 2447 (Furutani) Commission Position: Support if Amended

## **2010-11 State Budget**

A summary of the Commission's budget is provided in Tab 10.b. Additional negotiations will occur between the Legislature and the Governor that could still affect the Commission's 2010-11 budget.

### Student Loan Operating Budget

As staff reported at the June 24, 2010 Commission meeting, the only Commission budget item that the Joint Legislative Budget Conference Committee had not agreed upon was the amount of Student Loan Operating Funds (SLOF) to appropriate to the Cal Grant Program. The Committee ultimately decided on \$100 million.

### 2010-11 CSU Fee Increase Update

The Trustees of the California State University (CSU) recently approved 5% fee increases for their institutions. The proposed 2010-11 Cal Grant budget includes funding for 10% fee increases at CSU for Cal Grant awards. The Commission's initial Cal Grant award notifications to the students who had indicated they would be attending a CSU institution did not include either funding increase. Once the Trustees made their decision, the Cal Grant award amounts were adjusted accordingly. All Cal Grant students are notified that their award amounts are still subject to the State Budget.

### 2010-11 Cal Grant Fall Term Advances

The Commission usually disburses funds to institutions for fall term Cal Grant payments in mid-August. The 2010-11 fall advances are projected to be \$407 million. 335,000 student awards could be affected as no funds can be disbursed until a budget is enacted. The Commission has been notified that the University of California and the CSU institutions will cover the fall Cal Grant awards for students. Each California Community College district will be making its own determination on funding the Cal Grant payments. Some of the not-for profit colleges may also cover the Cal Grant. Many of the for-profit schools do not advance Cal Grant payments to their students.

### 2009-10 Budget Update

Adding to the institutional financial strain is the delay in 2009-10 Cal Grant funding. Similar to 2008-09, the Cal Grant program was underfunded in 2009-10. Commission staff requested \$63 million in additional 2009-10 funding, but Department of Finance only authorized \$42.5 million. The additional \$20 million is not expected to be authorized until after the 2009-10 award year closes in December 2010.

**Responsible Person(s):** Lori Nezhura Legislative Liaison  
Executive Office

Janet McDuffie, Chief  
Administration and External Affairs



## Summary of Commission Bills

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### Chaptered Bills

SB 1382

**AUTHOR:** Veterans Affairs Committee

**TITLE:** Student Financial Aid: Cal Grant Program: Methodology

**Summary:** Deletes the requirement in law that Cal Grant need for new awards be calculated consistent with the methodology used by the Student Aid Commission in 2000.

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### Enrolled Bills

SB 957

**AUTHOR:** Price (D)

**TITLE:** Student Financial Aid: Cal Grant C Awards

**Summary:** Requires the Student Aid Commission to develop and regularly review and update the areas of occupational or technical training for which students may utilize Cal Grant C awards. Requires the Commission to give priority in granting such awards to students pursuing occupational or technical training in high-need, high-growth, high-pay occupations. Requires the Commission to publish an annual list of programs qualifying for priority selection on its Web site. Requires the Legislative Analyst's Office to submit a report containing specified data on the outcomes of the Cal Grant C Program on an on-going basis.

AB 1436

**AUTHOR:** Portantino (D)

**TITLE:** Postsecondary Educational Institutions: Meetings: Live Audio Broadcasts

**Summary:** Requires the Board of Governors of the California Community Colleges, the Trustees of the California State University, the California Postsecondary Education Commission, and the Student Aid Commission, including any auxiliary organization, to provide for live audio transmission of all meetings that are open to the public through a technology that is accessible to as large a segment of the public as possible. Requests that the Regents of the University of California to comply with these provisions.

AB 1997

**AUTHOR:** Portantino (D)

**TITLE:** Community Colleges: Student Financial Aid: Pilot Program

**Summary:** Requires the California Community Colleges Chancellor's Office to establish a voluntary pilot program of no more than ten community college campuses to increase student participation in state and federal financial aid programs. Requires the Legislative Analyst's Office to use that information to report to the Legislature on the results of the program and to make recommendations for statewide expansion of the program.



## Summary of Commission Bills

### Enrolled Bills Continued

AB 2086

**AUTHOR:** Coto (D)

**TITLE:** Cal Grant Program: Qualifying Institution: Publication of License Examination Passage Rates

**Summary:** Redefines qualifying institution for purposes of the Cal Grant program to mean an institution that is within any of the categories listed in existing law *and* that complies with a requirement to provide information on where to access license examination passage rates for graduates of specified programs if that data is electronically available through the Internet Web site of a state licensing or regulatory agency.

In the same manner, requires all teacher preparation programs, regardless of program sponsor, to provide information to prospective candidates regarding the license examination passage rates of completers of its program for the most recent available year.

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### Bills on the Floor

SB 1460

**AUTHOR:** Cedillo (D)

**TITLE:** Student Financial Aid: Eligibility

**Summary:** Enacts the Dream Act of 2010. Exempts a person who attended secondary school in California for three or more years, at least one of which shall have been in a high school, and graduated from paying nonresident tuition at the California Community Colleges and the California State University. Requires the establishment of procedures and forms that enable such persons to apply for, and participate in, all institutional student aid programs, including nonstate funded scholarships and community college district waivers.

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### Failed Bills

AB 1703

**AUTHOR:** Knight (R)

**TITLE:** Nursing Assumption Program of Loans for Education

**Summary:** Provides for additional loan assumption per year for a participant that completes qualified clinical registered nursing service at a state-operated veterans' home under the State Nursing Assumption Program of Loans for Education (SNAPLE-NSF). Adds active military duty in the United States Armed Forces to the list of occurrences that would authorize the extension of the term of a loan assumption agreement under the program.



## Summary of Commission Bills

### Failed Bills Continued

AB 1761

**AUTHOR:** Fong (D)

**TITLE:** Cal Grant B Awards: Award Amount

**Summary:** Increases the percentage of new Cal Grant B recipients eligible for payments for tuition or fees in their first academic year of attendance.

AB 2447

**AUTHOR:** Furutani (D)

**TITLE:** Student Financial Aid: Cal Grant Program

**Summary:** Requires the maximum amounts of Cal Grant A and B awards for students attending nonpublic schools to equal the levels established in the Budget Act of 2009. Requires the maximum amount of a Cal Grant B access award to be adjusted annually by a specified inflation factor. Requires the maximum Cal Grant C award to equal the sum of the tuition and fee award level and the book and supply award level in the Budget Act of 2009, adjusted annually by a specified inflation factor.

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CALIFORNIA STUDENT AID COMMISSION  
2010-11 PROGRAM (LOCAL ASSISTANCE) BUDGET  
As of August 20, 2010  
(\$ in millions)

PROGRAM	2009-10 Budget *	2010-11					Total
		CSAC Projections	Subtotal	Governor's Adjustments	Subtotal	Legislative Adjustments	
<b>Cal Grants</b>							
Entitlement	\$894.6	\$126.3	\$1,020.9	\$10.0	\$1,030.9	\$0.0	\$1,030.9
Competitive	\$113.5	(\$5.5)	\$108.0	\$0.0	\$108.0	\$0.0	\$108.0
Cal Grant C	\$8.4	(\$0.1)	\$8.3	\$0.0	\$8.3	\$0.0	\$8.3
Cal Grant A (Pre SB 1644)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Cal Grant B (Pre SB 1644)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Subtotal Cal Grants</b>	<b>\$1,016.5</b>	<b>\$120.7</b>	<b>\$1,137.2</b>	<b>\$10.0</b>	<b>\$1,147.2</b>	<b>\$0.0</b>	<b>\$1,147.2</b>
<b>Other Programs</b>							
APLE	\$36.4	\$0.0	\$36.4	\$0.0	\$36.4	\$0.0	\$36.4
CAL-SOAP	\$7.3	\$0.0	\$7.3	\$0.0	\$7.3	\$0.0	\$7.3
Chafee Foster Youth	\$12.9	\$0.0	\$12.9	\$0.0	\$12.9	\$0.0	\$12.9
BYRD	\$5.7	\$0.0	\$5.7	\$0.0	\$5.7	\$0.0	\$5.7
Grad APLE	\$0.2	\$0.0	\$0.2	\$0.0	\$0.2	\$0.0	\$0.2
Child Development	\$0.3	\$0.0	\$0.3	\$0.0	\$0.3	\$0.0	\$0.3
Law Enforcement	\$0.1	\$0.0	\$0.1	\$0.0	\$0.1	\$0.0	\$0.1
National Guard APLE	\$0.3	\$0.0	\$0.3	\$0.0	\$0.3	\$0.0	\$0.3
SNAPLE - NF	\$0.3	\$0.0	\$0.3	\$0.0	\$0.3	\$0.0	\$0.3
SNAPLE - NSF	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
CNG EAAP	\$1.5	\$1.5	\$3.0	\$0.0	\$3.0	\$0.0	\$3.0
Cash for College	\$0.2	\$0.0	\$0.2	\$0.0	\$0.2	\$0.0	\$0.2
<b>Subtotal Other Programs</b>	<b>\$65.2</b>	<b>\$1.5</b>	<b>\$66.7</b>	<b>\$0.0</b>	<b>\$66.7</b>	<b>\$0.0</b>	<b>\$66.7</b>
<b>TOTAL LOCAL ASSISTANCE</b>	<b>\$1,081.7</b>	<b>\$122.2</b>	<b>\$1,203.9</b>	<b>\$10.0</b>	<b>\$1,213.9</b>	<b>\$0.0</b>	<b>\$1,213.9</b>

FUNDING SOURCES	2009-10 Budget *	CSAC Projections	Subtotal	Governor's Adjustments	Subtotal	Legislative Adjustments	Total
<b>Cal Grants</b>							
General Fund	\$973.9	\$152.7	\$1,126.6	(\$65.0)	\$1,061.6	(\$25.0)	\$1,036.6
Student Loan Operating Fund	\$32.0	(\$32.0)	\$0.0	\$75.0	\$75.0	\$25.0	\$100.0
Federal Trust Fund	\$10.6	\$0.0	\$10.6	\$0.0	\$10.6	\$0.0	\$10.6
Reimbursement	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Other Programs</b>							
General Fund	\$37.3	\$0.0	\$37.3	(\$7.2)	\$30.1	\$0.0	\$30.1
Student Loan Operating Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal Trust Fund	\$7.5	\$0.0	\$7.5	\$7.2	\$14.7	\$0.0	\$14.7
Reimbursement	\$20.4	\$1.5	\$21.9	\$0.0	\$21.9	\$0.0	\$21.9
<b>All Programs</b>							
General Fund	\$1,011.2	\$152.7	\$1,163.9	(\$72.2)	\$1,091.7	(\$25.0)	\$1,066.7
Student Loan Operating Fund	\$32.0	(\$32.0)	\$0.0	\$75.0	\$75.0	\$25.0	\$100.0
Federal Trust Fund	\$18.1	\$0.0	\$18.1	\$7.2	\$25.3	\$0.0	\$25.3
Reimbursement	\$20.4	\$1.5	\$21.9	\$0.0	\$21.9	\$0.0	\$21.9

\* 2009-10 Budget includes the revised projections assumed in the Governor's May Revision to the 2010-11 Budget.

CALIFORNIA STUDENT AID COMMISSION  
2010-11 STATE OPERATIONS BUDGET  
As of August 20, 2010  
(\$ in thousands)

	2009-10 Budget*	2010-11		
		Governor's Proposed Budget	Legislative Adjustments	Total
<b>Personal Services</b>	\$ 8,059	\$ 10,050	\$ 104	\$ 10,154
<b>Operating Expenses</b>	\$ 2,946	\$ 3,086	\$ 371	\$ 3,457
<b>TOTAL</b>	\$ 11,005	\$ 13,136	\$ 475	\$ 13,611
<b>Funding Sources:</b>				
General Fund	\$ 9,298	\$ 11,233	\$ 475	\$ 11,708
Student Loan Operating Fund	\$ 461	\$ 514		\$ 514
Federal Trust Fund	\$ 130	\$ 263		\$ 263
Reimbursements	\$ 566	\$ 576		\$ 576
Carry-Over	\$ 550	\$ 550		\$ 550
	\$ 11,005	\$ 13,136	\$ 475	\$ 13,611

	2009-10 Budget	2010-11		
		Governor's Proposed Budget	Legislative Adjustments	Total
<b>Authorized Positions</b>				
<b>Permanent</b>	120.5	129.5	1.0	130.5
<b>Temporary Help</b>	2.2	2.2	0.0	2.2
<b>TOTAL</b>	122.7	131.7	1.0	132.7

The Total Proposed Budget include \$1.7 million for reestablishing the technical and business services currently provided by EdFund.