

Action Item

California Student Aid Commission

Consideration of approval of concepts to be submitted as Commission budget change proposals for the 2011-12 state budget

A Budget Change Proposal (BCP) is the mechanism state agencies use to propose changes in the level of service or funding sources for activities authorized by the Legislature, or to propose new program activities not currently authorized. BCPs are submitted to the Department of Finance in September and considered for inclusion in the Governor's proposed budget that is submitted to the Legislature in January.

The Administration typically provides a Budget Letter on the Governor's policy direction for the next budget year. As of the date this item was prepared, the Budget Letter has not been send. The past few years, the budget letter basically indicated that General Fund spending was limited to the same amount appropriated in the prior year. The letter further indicated that General Fund BCPs would not be reviewed or considered without prior approval of the Department of Finance. Non-General Fund BCPs and increased spending levels had to be sustainable within the existing revenue structure of the fund source that supports the proposal.

Commission staff has identified the following two 2011-12 BCPs that are critical to Commission operations. Additional information on each of these proposals is provided in Tabs 5.a and 5.b.

1. \$501,842 (of which \$315,013 is one-time funds) and three new positions for an electronic imaging system to document and manage paper applications and other documents for the Cal Grant and Specialized Programs.
2. \$TBD to cover the cost of producing and administering a Student Expenses and Resources Survey (SEARS) for all five segments of higher education in California in 2011-12.

The 2011-12 BCPs must be submitted to the Department of Finance no later than September 13, 2010.

Recommendation: Authorize staff to submit to the Department of Finance 2011-12 Budget Change Proposals to obtain resources for an electronic imaging system and to conduct the SEARS survey.

Responsible Person(s): Janet McDuffie, Chief
Administration and External Affairs

**2011-12 Budget Change Proposal for an
Electronic Imaging System
Background**

The Commission authorized the submission of a 2010-11 Budget Change Proposal (BCP) to reestablish information technology and business operation services currently provided by EdFund. Included in the 2010-11 BCP was a request for funds for an imaging system. The 2010-11 Budget is only expected to include funding to obtain the imaging equipment Commission staff need to access the records already imaged. The 2010-11 budget will not include funds for a full imaging system as a Feasibility Study Report (FSR) for an imaging system was not submitted with the 2010-11 BCP. Commission staff submitted an Imaging FSR in July 2010 to the Office of the State Chief Information Officer. The resources being requested in the 2011-12 Imaging BCP will be based on the Imaging FSR.

EdFund has processed imaging and records with an electronic imaging system. This system handles approximately 3 million forms annually. By sharing the staff and equipment, the Commission had access to state-of-the-art equipment and technological expertise housed in EdFund at a minimal expense. The process of document imaging and records management enabled EdFund and the Commission to reduce storage space, reduce risk management due to file and documentation loss, use technology to access and retrieve documents, and create a backup of all records stored in a fire safe area.

With the reduction in EdFund staffing as a result of the push to sell EdFund, EdFund's ability to keep up with document imaging and records management for CSAC has come to a halt. Currently, the Commission processes an estimated 700,000 paper applications and other documents annually. As awareness and student populations increase, the Commission estimates a 10 percent annual growth in its programs. This growth results in an additional 50,000 forms for processing in subsequent years. This increased workload applies to all programs, but the most significant impact occurs in the Cal Grant Entitlement and APLE Programs.

Without an imaging system, manual business processes would be the rule rather than the exception and grant programs would not be administered appropriately adversely impacting college students. Moreover, state government and budget dollars would be redirected back to manual interventions to get the work done efficiently.

The BCP requests funding for the imaging system and three additional staff (1 Associate Governmental Program Analyst and 2 Program Technicians) for document imaging and records management for the Cal Grant and Specialized Programs.

Commission staff recommends that the staff prepare and submit a 2011-12 Imaging BCP for \$501,842 (of which \$315,013 is one-time funds) and three new positions for an electronic imaging system to document and manage paper applications and other documents for the Cal Grant and Specialized Programs.

**2011-12 Budget Change Proposal for
Student Expenses and Resources Survey (SEARS)
Background**

The Commission has sponsored and administered the triennial Student Expenses and Resources Survey (SEARS) since 1971-72. Data from the survey generates student expense budgets historically used to determine a students' financial need for the Cal Grant Programs. The data also provides the Legislature, Department of Finance, Legislative Analyst's Office, California Postsecondary Education Commission (CPEC), segments of higher education, media and other interested parties with current data on the demographic characteristics, financial status and concerns of students.

Through SEARS, the Commission collects up-to-date student expense information on the actual costs of obtaining a postsecondary education in California. Students are asked to provide responses to questions regarding their financial resources and education costs and to identify how they use these resources to cover the cost of attending higher education and career technical institutions in California.

The last SEARS Data Casebook was issued from data collected in 2006-07. Unfortunately, the Commission was unable to conduct the 2009-10 survey based on limited funding and staff resources. In light of the present budget concerns and changing economic climate it is essential and imperative that new data be gathered, analyzed and reported to provide current information that accurately reflects economic changes.

The Commission plans to partner with CPEC to compile the data. CPEC and Commission staffs met in early August to discuss the role of each agency, project management and timeline. Each agreed in concept to the project. By sharing data, each agency will have an invaluable opportunity to produce timely and effective information and reports regarding the actual expense of higher education in California based upon current data on demographic characteristic, financial status and actual expenses.

The Commission has also used an advisory committee to review and determine the questionnaire/survey and process. Survey questions can be customized based on institutional segment need and with the Commission's participation and agreement. Commission staff will soon be contacting segmental representatives to determine the extent of their participation in a 2011-12 survey and any costs to the segments to provide the student contact information needed to conduct the survey. In 2006-07, the Commission used both paper and electronic surveys. To keep costs as low as possible, the Commission will use only electronic surveys in 2011-12.

Commission staff recommends that the SEARS project move forward working with representatives from CPEC and the higher education segments to establish a SEARS Advisory Committee to discuss the survey process and determine the fiscal impact for a 2011-12 Budget Change Proposal.