

Exhibit 5

Information/Action Item

Update on the 2013-14 State Budget Act

The Governor signed the 2013-14 Budget Act on June 27, 2013 and Education Trailer Bill (Assembly Bill 94) on July 1, 2013. Significant adjustments/decisions affecting our budget are noted.

Financial Aid Programs

Our appropriation authority for the financial aid programs we administer is provided in Exhibit 5.1.

Cal Grant Program

Two key budget decisions had a significant impact on the Cal Grant Program:

- The Legislature agreed to use the Governor's 2013-14 revenue projections in making final decisions on the budget, and
- The Middle Class Scholarship Program was a priority of California State Assembly Speaker John A. Perez.

As a result, the Legislature did not provide additional funding to reverse last year's budget actions. Therefore:

- The maximum Cal Grant B access and Cal Grant C tuition/fees and book and supply awards remain at their 2012-13 (reduced) levels in 2013-14 as noted below:

Cal Grant B access: \$1,473
Cal Grant C tuition/fees: \$2,462
Cal Grant C book and supply: \$547

- The maximum Cal Grant awards at private nonprofit and WASC-accredited for-profit institutions will be reduced from \$9,223 to \$9,084 in 2013-14.
- Cal Grant renewal recipients must continue to meet the income and asset requirements.

California Student Aid Commission

Middle Class Scholarship

Assembly Bill (AB) 94 established the Middle Class Scholarship program and requires that we administer the program and provide awards beginning in 2014-15. The budget included \$500,000 for Middle Class Scholarship outreach through the Cal-SOAP program.

Cal-SOAP and Cash for College

The Governor vetoed budget language that would have provided for a General Fund backfill for the federal College Access Challenge Grant Program, should the federal grant waiver be denied. The Governor's veto represents a concern about the fiscal health of maintaining a reasonable General Fund reserve, and did not represent a lack of support for our outreach programs.

Operations Budget

Our appropriation authority for operations is provided in Exhibit 5.2. The significant adjustments include:

- An increase of \$610,000 and 7 new positions to reestablish business operations and technology services following termination of the contract with Educational Credit Management Corporation (ECMC).
- An increase of \$250,000 and 3 new positions (1 one-year limited term) to develop and implement the Middle Class Scholarship.

AB 94 also established the Financial Aid Technical Assistance Fund authorizing the acceptance of funds to be used for costs associated with providing technical assistance to agencies of states other than California, and related private entities, and moneys remaining in the fund after those costs are retired shall be used to improve student financial aid services for California.

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

**CALIFORNIA STUDENT AID COMMISSION
2013-14 PROGRAM (LOCAL ASSISTANCE) BUDGET**
(\$ in millions)

PROGRAM	2012-13			2013-14		
	2012-13 Budget	Governor's May Revise Adjustments ^{1/}	2012-13 Budget	Governor's Budget (May Revise)	Legislature	Total
Cal Grants						
Entitlement	\$1,461.80	\$2.71	\$1,464.51	\$1,543.54	\$0.00	\$1,543.54
Competitive	\$124.26	-\$22.57	\$101.69	\$102.81	\$0.00	\$102.81
Cal Grant C	\$8.21	-\$3.73	\$4.48	\$6.02	\$0.00	\$6.02
Subtotal Cal Grants	\$1,594.27	-\$23.59	\$1,570.68	\$1,652.37	\$0.00	\$1,652.37
Other Programs						
APLE	\$25.61	-\$4.02	\$21.59	\$20.74	\$0.00	\$20.74
CAL-SOAP	\$7.22	\$0.00	\$7.22	\$7.22	\$0.50	\$7.72
Chafee Foster Youth	\$11.63	\$0.00	\$11.63	\$11.63	\$0.00	\$11.63
Grad APLE	\$0.03	-\$0.01	\$0.02	\$0.03	\$0.00	\$0.03
Child Development	\$0.28	\$0.00	\$0.28	\$0.28	\$0.00	\$0.28
Law Enforcement	\$0.05	\$0.00	\$0.05	\$0.05	\$0.00	\$0.05
SNAPLE - NF	\$0.65	\$0.05	\$0.70	\$0.72	\$0.00	\$0.72
CNG EAAP	\$2.50	\$0.00	\$2.50	\$2.50	\$0.00	\$2.50
Cash for College	\$0.33	\$0.00	\$0.33	\$0.33	\$0.00	\$0.33
John R. Justice	\$0.13	\$0.00	\$0.13	\$0.13	\$0.00	\$0.13
Subtotal Other Programs	\$48.43	-\$3.98	\$44.45	\$43.63	\$0.50	\$44.13
TOTAL LOCAL ASSISTANCE	\$1,642.69	-\$27.57	\$1,615.12	\$1,696.00	\$0.50	\$1,696.50

FUNDING SOURCES	2012-13 Budget *	Governor's May Revise Adjustments	2012-13 Budget	Governor's Budget (May Revise)	Legislature	Total
Cal Grants						
General Fund	\$705.86	-\$23.59	\$682.27	\$630.00	\$382.50	\$1,012.50
Student Loan Operating Fund	\$84.66	\$0.00	\$84.66	\$98.15	\$0.00	\$98.15
Reimbursement (TANF)	\$803.75	\$0.00	\$803.75	\$924.22	-\$382.50	\$541.72
Other Programs						
General Fund	\$19.10	-\$3.98	\$15.12	\$14.31	\$0.50	\$14.81
Student Loan Operating Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Federal Trust Fund	\$14.78	\$0.00	\$14.78	\$14.78	\$0.00	\$14.78
Reimbursement	\$14.54	\$0.00	\$14.54	\$14.54	\$0.00	\$14.54
All Programs						
General Fund	\$724.96	-\$27.57	\$697.39	\$644.31	\$383.00	\$1,027.31
Student Loan Operating Fund	\$84.66	\$0.00	\$84.66	\$98.15	\$0.00	\$98.15
Federal Trust Fund	\$14.78	\$0.00	\$14.78	\$14.78	\$0.00	\$14.78
Reimbursement	\$818.29	\$0.00	\$818.29	\$938.76	-\$382.50	\$556.26

^{1/} Adjustments reflect CSAC's revised projections.

CALIFORNIA STUDENT AID COMMISSION
 2013-14 STATE OPERATIONS BUDGET
 (\$ in thousands)

	2012-13	2013-14				
	Budget	Governor's Proposed Budget ^{1/}	Governor's May Revise ^{2/}	May Revise Budget	Legislature ^{3/}	Budget
Operations Budget						
Personal Services	\$ 9,144	\$ 9,485	\$ 400	\$ 9,885	\$ 232	\$ 10,117
Operating Expenses	\$ 2,497	\$ 1,750	\$ 210	\$ 1,960	\$ 18	\$ 1,978
TOTAL	\$ 11,641	\$ 11,235	\$ 610	\$ 11,845	\$ 250	\$ 12,095
Funding Sources:						
General Fund	\$ 10,665	\$ 10,476	\$ 610	\$ 11,086	\$ 250	\$ 11,336
Student Loan Operating Fund	\$ 216	\$ -	\$ -		\$ -	
Federal Trust Fund	\$ 259	\$ 258	\$ -	\$ 258	\$ -	\$ 258
Reimbursements	\$ 501	\$ 501	\$ -	\$ 501	\$ -	\$ 501
TOTAL	\$ 11,641	\$ 11,235	\$ 610	\$ 11,845	\$ 250	\$ 12,095

	2012-13	2013-14				
	Budget	Governor's Proposed Budget	May Revise	May Revise Budget	Legislature	Budget
Position Authority						
Permanent	107.5	105.5	7.0	112.5	3.0	115.5
Temporary Help	2.2	2.2	0.0	2.2	0.0	2.2
TOTAL	109.7	107.7	7.0	114.7	3.0	117.7

^{1/} **Governor's Budget Major Adjustme**

- Increase in salaries due to the end of furloughs; and decrease of one-time Dream Act application implementation funding and elimination of limited term positions

^{2/} **Governor's May Revise Major Adju**

- Establish 7 new positions to reestablish services

^{3/} **Senate and Assembly Budget Committees Adjustments**

Establish 3 positions for Middle Class Scholarship Program