

Exhibit 7

Action Item

Consideration of the 2013-14 California Student Opportunity and Access Program (Cal-SOAP) contracts

The California Student Opportunity and Access Program (Cal-SOAP), along with the California Cash for College Program and the Assumption Programs of Loans for Education (APLE), have been funded through the Federal College Access Challenge Grant (Challenge Grant).

Maintenance of Effort Waiver Request Update

As previously reported, we did not meet the Maintenance Of Effort requirement (MOE) for the Challenge Grant. We worked with the Administration to provide information to the U.S Department of Education (USED) for their review of our MOE waiver request. On August 28, 2013, we received notification from USED that our waiver was approved and that we would receive full funding for the 2013-14 fiscal year. USED informed us that our funding will not be available until September 30, 2013 rather than the expected date of August 14, 2013. We submitted a request to USED to allow reimbursement from our 2013 Challenge Grant award for program expenditures that were funded from other sources in a pre-award period of August 14, 2013 – September 29, 2013, as a delay in funding would have devastating effects on our Cal-SOAP and Cash for College programs. USED approved our request.

2013-14 Funding

The Federal Sequester resulted in a 5.1% reduction in the total Challenge Grant Program funding. The state allocations for this program are formula based. California's allocation is expected to be reduced by \$475,621 from \$15,015,778 to \$14,540,157.

Although the Commission took action at its April 2013 meeting to request that the Governor reduce the APLE appropriation to absorb the sequester reduction, the budget language protects APLE funding and makes the two outreach programs bear the entire impact of the sequester. The 2013-14 budget act did not reduce specific appropriations but included the following language regarding the Challenge Grant funding:

1. Of the funds appropriated, up to \$328,000 may be available for the Cash for College Program.
2. Of the funds appropriated, up to \$7,221,000 may be available for the Cal-SOAP.
3. Of the funds appropriated, at least \$7,227,000 is available for the purpose of offsetting shall offset General Fund costs of financial aid programs.

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In addition to these 'local assistance' amounts, the budget also includes \$258,000 for operational support for the Cash for College Program, bringing the total Cash for College funding to \$586,000 in 2013-14.

Funding Recommendations

The Cash for College Program has continued to see increases in the number of workshops the last few years. With the second year of the California Dream Act and the implementation of the Middle Class Scholarship Program, the number of workshops is expected to continue to increase. Therefore, we propose that the 2013-14 Cash for College funding remain at \$586,000.

Our recommendation is that the Cal-SOAP Program absorb the entire sequester decrease. However, we believe this can be done without reducing the baseline funding Cal-SOAP. In 2012-13, a portion of the funds were allocated to specific activities that were not part of the baseline funding for Cal-SOAP. These activities included, but were not limited to, funds for outreach for Cash for College and the California Dream Act and funds to develop a new database (which was designated as a one-time cost). These funds were allocated to two consortiums and expenditures were authorized for specific activities approved by us and separate from their day-to-day services and activities. The Cal-SOAP baseline funding and baseline CTE allocations can be maintained at \$6,726,900 as provided in 2012-13.

2013-14	
Estimated Award	\$ 14,540,157
APLE	\$ 7,227,000
Cash For College	\$ 586,000
Funds available for Cal-SOAP	\$ 6,727,157
Cal-SOAP baseline	\$ 6,726,900
Unallocated funds	\$ 257

The chart above shows that our recommendation would result in \$257 in unallocated funds. We recommend that the remaining \$257 be allocated to Sacramento as they expanded to provide services in the North Valley last year after that project was terminated, but were limited by the funding available at the time. This will bring the total amount of funding for Sacramento to \$576,594 and fully allocate the Challenge Grant funding.

We consulted with the Cal-SOAP project directors and they have agreed with our recommendations and the allocations indicated in the chart below.

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CAL-SOAP 2013-14 PROPOSED BUDGET ALLOCATION

Consortium	Baseline	Career Technical Education Baseline	Total Baseline Allocation
Central Coast	\$ 276,316	\$ 55,834	\$ 332,150
Central Valley	\$ 276,316	\$ 55,834	\$ 332,150
East Bay & Solano	\$ 737,117	\$ 111,658	\$ 848,775
Greater Long Beach	\$ 276,316	\$ 55,834	\$ 332,150
Los Angeles	\$ 580,866	\$ 55,834	\$ 636,700
Merced	\$ 276,316	\$ 55,834	\$ 332,150
Northcoast	\$ 338,161	\$ 55,834	\$ 393,995
Sacramento	\$ 520,760	\$ 55,834	\$ 576,594
San Diego/Imperial Co.	\$ 884,325	\$ 55,834	\$ 940,159
San Francisco	\$ 276,316	\$ 55,834	\$ 332,150
San Jose	\$ 421,304	\$ 55,834	\$ 477,138
Santa Barbara	\$ 437,889	\$ 55,834	\$ 493,723
South County Gilroy	\$ 311,339	\$ 55,834	\$ 367,173
South San Joaquin	\$ 276,316	\$ 55,834	\$ 332,150
Total	\$ 5,889,657	\$ 837,500	\$ 6,727,157

Middle Class Scholarship Outreach

The 2013-14 Budget Act includes \$500,000 for outreach for the Middle Class Scholarship Program to be funded through the Cal-SOAP program. The statute is not specific as to the type of outreach to be conducted.

We anticipate that proposed statutory language will be enacted that will exempt these outreach funds from the Cal-SOAP program requirements noted below to allow for expansion of the program to reach the targeted middleclass families.

- 30 percent of funds received to be used for stipends for student tutors and advisors and also requires matching funds and
- Provide equal matching resources.

The Cal-SOAP Project Directors indicated that some of the services they currently provide are conducive to providing outreach to middle class families, such as the general financial aid information provided to the entire senior class and financial aid workshops for parents. Additional Middle Class Scholarship outreach services suggestions include:

- Developing support material that could be provided to students and parents, such as a "Top 10 Things Students/Parent/ Need to Know About the Middle Class Scholarship".

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- Using the funds to provide training to counselors.
- Increasing Cash for College Workshops and other activities designed to assist students with completing the financial aid applications.

We will consult with the Project Directors on plans to use the funds for outreach material and other services/activities and will report out at the meeting.

- Recommendation:**
1. Authorize the Executive Director to execute the 2013-14 Cal-SOAP contracts to provide \$6,727,157 in baseline funding.
 2. Authorize the Executive Director to reallocate the 2013-14 Cal-SOAP baseline funding as equitably as possible if the Challenge Grant award amount is different than the anticipated amount of \$14,540,157.
 3. Authorize the Executive Director to execute 2013-14 Cal-SOAP contract amendments to provide \$500,000 for Middle Class Scholarship outreach.
 4. Authorize the Executive Director to execute 2013-14 Cal-SOAP contract amendments to reallocate funds as equitably as possible if any consortia cannot utilize all of their allocated funds.

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