
CAL-SOAP FUNDING RECOMMENDATIONS FOR 2007-2008

SUMMARY:

The statewide Cal-SOAP budget has been reduced this fiscal year by \$2.2 million or 25.7 percent, cutting the funds from \$8.567 million to \$6.367 million. In an unrelated action prior to the budget reduction, the California Student Aid Commission withdrew funding this fiscal year to the project that has served the Solano area for the last 28 years. We have issued a Request for Proposal to solicit for a new project to continue services in the area. The Commission must decide whether to follow through with the RFP process and continue to dedicate funds for the Solano area, and, based on that decision, adopt funding allocations for the remaining projects.

Staff recommends retaining minimum funding for the Solano region, and distributing the remaining money as outlined in a funding formula adopted by the remaining 15 project directors. Solano is a high need area with few services which had been previously supported by the Cal-SOAP program. The students of that area should not lose services because of the absence of fiscal support to the previous project. Our recommendation also supports the director's suggestions to cut some peripheral college preparation activities, while urging continuing project support for other core college preparation activities of the Commission. This recommendation is outlined in option 2 below.

BUDGET BACKGROUND

With finalization of the State budget on August 24, 2007, the Commission learned that the California Student Opportunity and Access Program (Cal-SOAP) budget was reduced by \$2.2 million, or 25.7 percent. The program was reduced from \$8.567 million to \$6.367 million. Over the last few weeks Commission staff sought input and feedback from various interested parties on how we can best implement this significant reduction the statewide program.

In addition, in July 2007 due to the absence of adequate fiscal resources, the SUCCESS Cal-SOAP consortium was notified that the Commission would not fund its project for the current year. Realizing the impact this decision would have on the Solano area community and the subsequent response we received from the community, the Commission met with Solano area stakeholders to get their input and to communicate our intentions regarding Commission funded pre-college program services in their area. The Commission also issued a Request for Proposal (RFP) to solicit another consortium to develop a Cal-SOAP project in the area.

After issuance of the RFP for the Solano area, the state budget was finalized and we learned of the reduction in funding for the statewide program. We solicited input from the remaining 15 projects for their ideas on how the program funds should be allocated. The project directors submitted a proposal for funding the remaining 15 projects, absorbing the funding previously dedicated to the Solano area. In addition to recommending the Commission not move forward with the RFP in the Solano area, their proposal also included changes in the Cal-SOAP contract that would eliminate their required participation in Commission programs including:

- I'm Going to College (IGTC) - a collaborative program between Cal-SOAP and local 4th and 5th grade classes in which teachers use curriculum and classroom activities to introduce the students to a college going attitude;

- Transfer student services - informational and counseling services to community college students who transfer to four-year colleges and universities.

In addition, the project directors propose that the Commission waive the statutory requirement that at least 30 percent of their budgets, or the equivalent, be expended on stipends to student tutors and peer advisors.

ADDITIONAL ISSUES TO CONSIDER

In addition to the reduction in the statewide budget for Cal-SOAP, several other issues warrant consideration in the final funding decision.

1) This funding decision affects only the current 2007-2008 fiscal year. At its June 21-22 meeting, the Commission directed staff to develop an allocation methodology based on measurable effectiveness and outcomes, to determine Cal-SOAP project funding levels. Over the next few months Commission staff will work with the Cal-SOAP project directors to develop measurable criteria on which to allocate program funds. Staff will present the methodology information to the Commissioners at their November meeting for information and discussion and again at their February meeting for adoption. The 2008-2009 funding level recommendations will be based on the new methodology.

2) While the project directors have recommended eliminating the Solano area from Cal-SOAP funding because it would reduce the impact of the budget reduction, the Commission has issued a Request for Proposal (RFP) to solicit a new group to continue services in the Solano region. Representatives from the area have informed Commission staff of their commitment to continue partnerships that provide services to Solano area students and their intent to develop proposals in response to the RFP. Staff has held two meetings with regional stakeholders and will communicate with them again after the funding decision is finalized.

3) The existing 15 Cal-SOAP projects continue to operate currently without a budget. As a reimbursement program, contracts must be finalized and in place before the Cal-SOAP consortia can receive payment. Even after the Commission makes a funding decision for the program, staff must collect new budgets and information on the projects' adjustments to their plans of operation for the year, before we can move forward with the contracting process. The complete process from funding decision to final contracts may take more than a month to complete.

4) The funding options presented in this document assume that, at a minimum, the remaining 15 projects will be funded, albeit at a reduced amount, this year. Each of the 15 projects has continued to operate without a contract to preserve the continuity of their programs and to meet community obligations. At its August meeting, the Commission acknowledged its intent to fund the remaining 15 projects and authorized staff to issue written confirmation of our intent. There is no such assumption for funding the Cal-SOAP projects in subsequent years with implementation of a new allocation methodology mentioned earlier in this document

CAL-SOAP STATUTORY REQUIREMENTS

California statute requires at least 30 percent, or the equivalent, of each project grant be expended for peer advisors and tutors. This requirement can not be waived without legislative action. The statute also requires that each grant be matched by local resources in cash or in-kind. The match requirement has resulted in strong community partnerships and support for Cal-SOAP programs as well as a more than doubling of the resources available to each project. In addition to the state allocation, projects are

required to raise one and a half times the state allocation amount in local in-kind and cash resources to match the funding appropriated in the state budget for the program.

CURRENT CAL-SOAP CONTRACT REQUIREMENTS

In addition to reduced funding levels, the project directors recommend reduction or elimination of activities required in the Cal-SOAP contract. The Cal-SOAP statutes are generalized and do not specify the activities required in the program. Rather, the statutes direct the projects to increase students' academic preparedness and provide students with college access support, including financial aid information. Through the years, the Commission has added specific activity requirements to the consortium contracts, which dictate program reimbursement. Before reviewing each funding option, the following information may be helpful:

I'm Going To College (IGTC) - Each year hundreds of fourth and fifth graders are introduced to a college going attitude through specific classroom curricula. Through collaboration with the local Cal-SOAP, the classroom teacher agrees to enhance lessons with ideas and concepts that prompt the students to consider education after high school. The semester-long program culminates with a visit to a local college where the students have a college experience. The experience includes attending real college classes, campus life, and navigating the financial aid office.

The project directors propose eliminating or reducing their required implementation of IGTC. After discussion at the September 13 meeting, some directors expressed regret at their inability to continue supporting the program but cite that it is costly and labor intensive, and is supplemental to their primary mission. Staff agrees that modification of the Cal-SOAP contract is appropriate to allow some projects to discontinue participating in the IGTC while allowing others to continue.

California Cash for College (CCFC) – The project directors propose a reduction or elimination of required participation in the Commission's California Cash for College program. Cash for College is a statewide effort to increase the number of complete Cal Grant applications, which include a verified GPA and a completed and filed FAFSA. The program supports FAFSA workshops that provide students and parents with individualized assistance with the financial aid application process. In addition, CCFC provides limited supplemental funds (\$300 -\$500 per workshop) to partially compensate the organizers for their efforts. It is logical and appropriate that the pre-college program activities that are the main focus of Cal-SOAP work in partnership with the assistance provided by CCFC. It is also important that CCFC be administered through Cal-SOAP as part of the Commission's outreach efforts.

Transfer Student Services – The project directors propose reducing or eliminating the transfer student activities requirement. These activities stem from the now defunct Transfer: Making it Happen (TMIH) program whose statutory provisions sunset in January 2006. The provisions were not renewed. However, all of the project directors indicated in a recent survey that they conduct some level of transfer student activities as part of their annual program plans. As such, the projects were directed to the existing Cal-SOAP statute which contains more general language that allows support of transfer activities at the discretion of the project and its fiscal resources. In light of the budget reduction, staff would support removing the transfer student support services from the Cal-SOAP contract. The statutory language would remain thus supporting transfer student activities as funds become available in the future.

FUNDING OPTIONS

The following are funding options for Cal-SOAP for 2007-2008 including the advantages and disadvantages associated with each choice:

Option 1

Adopt the funding levels proposed by the 15 remaining Cal-SOAP projects. Modify the Cal-SOAP contract to eliminate the transfer activity requirements, retain the requirement that each project continue participating in the California Cash for College program, and allow projects to continue sponsoring the IGTC at their discretion. Eliminate funding for the Solano area. Implement the following funding levels:

Table 1: Cal-SOAP Project Directors' Recommendation for Implementing Budget Cut

| Cal-SOAP Consortium | 2006-2007 Funding | Base-funding protected, -10% for consortia <\$400K, -22% for consortia \$400-600k, -25% for >600k) | % of Funding Cut |
|----------------------------|--------------------------|---|-------------------------|
| Central Coast | \$300,000 | \$300,000 | 0% |
| Central Valley | \$370,000 | \$332,404 | 10% |
| East Bay | \$673,683 | \$504,666 | 25% |
| Greater Long Beach | \$300,000 | \$300,000 | 0% |
| Los Angeles | \$850,000 | \$636,904 | 25% |
| Merced | \$363,130 | \$326,220 | 10% |
| Northcoast | \$500,526 | \$389,814 | 22% |
| North Valley | \$445,650 | \$347,011 | 22% |
| Sacramento | \$455,834 | \$354,954 | 22% |
| San Diego | \$1,250,000 | \$936,904 | 25% |
| San Francisco | \$335,000 | \$300,902 | 10% |
| San Jose | \$620,511 | \$464,786 | 25% |
| Santa Barbara | \$642,833 | \$481,529 | 25% |
| South San Joaquin | \$366,000 | \$328,804 | 10% |
| South County Gilroy | \$465,000 | \$362,104 | 22% |
| Total | \$7,938,167 | \$6,367,000 | |

ADVANTAGES TO OPTION 1

The adoption of the project director proposal and modified contractual changes represents the least reduction to the remaining projects. Absorbing the funding that would have been dedicated to the Solano area allows the other 15 to continue operation with minimal change. This option acknowledges the need to maintain a \$300,000 minimum in funding for the smaller projects, as this benchmark has been cited by the project directors as the lowest funding level needed to sustain a regional program and accomplish statutory objectives.

DISADVANTAGES TO OPTION 1

Option 1 denies funds to the Solano area, effectively withdrawing services permanently. This option would also require the Commission to withdraw the RFP and stop pursuing a new consortium for the region. Commission staff would also need to respond to stakeholders and legislative members who have expressed support to retain Cal-SOAP services in the region.

Option 2

Adopt funding levels that include an allocation for the Solano region. The funding level for Solano in option 2 is one quarter of one-half of the original funding for this area, representing a 79 percent reduction in services to Solano area students. (This option proposes \$300,000 as a base, and subtracts \$75,000 for a planning grant to allow program principals to develop a new project.) The remaining \$225,000 is being distributed to the other 15 regional programs to further ease the budget reduction. This option also would modify the Cal-SOAP contract to eliminate the transfer activity requirement, retain the requirement that each project continue participating in the Cash for College program, and allow projects to continue sponsoring the IGTC at their discretion. Implement the following funding levels:

Table 2: 2007-2008 Cal-SOAP Funding levels, including Solano area

| | 2006-2007 Funding levels 2006-07 | Retain Solano, Min 300K, Max 25.68% | Effective cut |
|--------------------|---|--|--------------------------|
| Central Coast | 300,000 | 300,000 | 0.0% |
| Central Valley | 370,000 | 311,910 | 15.7% |
| East Bay | 673,683 | 500,546 | 25.7% |
| Greater Long Beach | 300,000 | 300,000 | 0.0% |
| Los Angeles | 850,000 | 631,550 | 25.7% |
| Merced | 363,130 | 306,119 | 15.7% |
| North Valley | 445,650 | 336,466 | 24.5% |
| North Coast | 500,526 | 377,897 | 24.5% |
| Sacramento | 455,834 | 344,155 | 24.5% |
| San Diego | 1,250,000 | 928,750 | 25.7% |
| San Francisco | 335,000 | 300,000 | 10.4% |
| So. San Joaquin | 366,000 | 308,538 | 15.7% |
| Santa Barbara | 642,833 | 477,625 | 25.7% |
| San Jose | 620,511 | 461,040 | 25.7% |
| South County | 465,000 | 351,075 | 24.5% |
| Solano | <u>628,833</u> | <u>131,250*</u> | 79.1% |
| | 8,567,000 | 6,366,920 | |

*This funding level represents a regional allocation of \$300,000 for a full year. The \$131,250 equals the RFP planning grant funded at \$75,000 and one quarter of the remaining amount of the regional allocation (\$56,250).

ADVANTAGE TO OPTION 2

The Commission continues to support Cal-SOAP in the Solano region. The RFP process for the Solano area can continue and services can be implemented in the fourth quarter of this year. This option also acknowledges a baseline funding level of \$300,000 for the smallest project budgets.

DISADVANTAGE TO OPTION 2

Retaining funding for the Solano region means the overall allocation amounts for the remaining 15 projects will be reduced by \$131,250 and will require additional reduction in their programs and activities.

STAFF RECOMMENDATION: OPTION 2

Staff recommends option 2. We believe this option provides the least impact to all Cal-SOAP students while retaining services to the Solano area. The recommendation supports the project directors' funding formula – with slight adjustments to factor in \$131,250 for the Solano project – and also supports their requests to modify the Cal-SOAP contract. The recommendation does, however, maintain support for the California Cash for College program, and leaves flexibility in other program activities.

While any reduction in support funding will impact students in each program, we believe this formula is equitable and softens the effect of the mandatory cut on as many students as possible in the regions that have benefited from Cal-SOAP services for many years.