

Action Item

California Student Aid Commission

Consideration of a determination, as required by AB 187, that sufficient funding exists for the Commission to conduct its regular operations for administering the Cal Grant Program

The Governor's veto of Assembly Bill 1 of the 2009-10 Fourth Extraordinary Session (AB 1) impacted the Commission by removing \$6,300,000 from the Commission's 2009-2010 Budget. The Governor's veto language provided:

I am vetoing \$6,300,000 from the California Student Aid Commission, of which \$4,300,000 is set aside to be restored contingent upon enactment of legislation that authorizes the decentralization of the Cal Grant Program and other financial aid programs as warranted.

The \$2,000,000 difference represents savings that would be achieved through efficiencies resulting from the decentralization and other over-budgeting that currently exists. Under my January proposal, a proposal that was broadly supported by the higher education segments, the Student Aid Commission's intermediary role in approving awards will be largely eliminated. The proposal would establish colleges and universities as the single point of contact for most students' financial aid needs. This change would significantly reduce the Student Aid Commission's General Fund operating costs on an ongoing basis and save money at the postsecondary segments by reducing double-handling of awards between the colleges and the Commission. This action illustrates my commitment to put the students first and to improve the efficiency of state government. I look forward to working with the Legislature on legislation that will better serve our students and the higher education segments.

Assembly Bill (AB) 187 has recently been enacted. AB 187 restores \$4.3 million to the Commission's operating budget for 2009-10, and requires the Commission to establish a pilot Cal Grant alternative delivery system program to permit certain qualifying institutions to award Cal Grants directly to students..

However, before the Commission can begin to develop the pilot Cal Grant alternative delivery system, AB 187 requires the Commission to make a determination that, with the restoration of the \$4.3 million, sufficient funding exists for it to conduct its regular operations for administering the Cal Grant Program.

As noted in Tab 2, with the enactment of AB 187, the Commission 2009-10 Revised Budget is \$10.15 million as shown below.

2009-10 Commission Operations Budget	
	Total
Budget Act (SB 1)	\$13,563,000
Revised Budget (AB 1 4th Extraordinary Session)	-6,300,000
<i>Subtotal</i>	<i>7,263,000</i>
AB 187	4,300,000
<i>Subtotal</i>	<i>11,563,000</i>
Budget Act Reductions	-1,412,481
Revised Budget	\$10,150,519

With the \$2 million budget reduction noted in the Governor's veto, the furloughs, and the additional budget act reductions, the Commission is expected to administer all of its programs with fewer resources and less time. As noted in Tab 2, Commission management will need to continue the policies and operational changes implemented in 2008-09 listed below as a result of its reduced budget and reduced work days due to the three furlough days each month. Staff will also be flexible and open to change while remaining focused on the Commission's priorities and mission.

- Filling only critical vacant positions.
- Reducing non-essential employee training and travel.
- Holding meetings by teleconferences in lieu of travel.
- Issuing Compensating Time Off (CTO) in lieu of paid overtime.
- Reducing purchase orders and contracts.
- Cancelling all non critical blackberry phones.
- Reducing Call-Center Hours to decision-critical times.
- Enhancing WebGrants for Student to submit changes via internet.
- Reducing non-essential letter production and increasing the use of postcards and electronic communication with students.
- Reducing face-to-face training for institutions.
- Reducing printing and postage by providing publications on the Commission's website.
- Temporarily discontinuing Advisory Committee meetings.

With the restoration of the \$4.3 million to the Commission's 2009-10 operations budget, Commission management believes that the Commission currently has sufficient funding to conduct its regular operations for administering the Cal Grant Program. However, outside of the current reductions required by the 2009-10 Budget Act, any additional reductions to the Commission's budget would take the Commission below the threshold for permitting it to conduct its regular operations throughout the development and implementation of a pilot Cal Grant alternative delivery system. Therefore, should additional reductions occur, the Commission will be unable to continue the pilot program.

Recommended Action: Adopt the following determination:

With the restoration of the \$4.3 million to the Commission's 2009-10 state operations budget and no additional budget reductions beyond those required by the 2009-10 Budget Act during the development and implementation of a pilot Cal Grant alternative delivery system, sufficient funding exists for the Commission to conduct its regular operations for administering the Cal Grant Program. Should the Commission be subject to additional reductions, beyond those identified, the Commission will be unable to continue the pilot program.

Responsible Person(s): Janet McDuffie, Chief
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