
Exhibit 5

Information/Action Item

California Student Aid Commission

Update on the 2014-15 State Budget

The Assembly and Senate Budget Subcommittees held their final budget hearings in May 2014 and the Conference Committee made its final budget decisions on June 11, 2014. The following Exhibit provides a summary of these decisions in comparison to the Governor's Proposed Budget.

Exhibit 5.a. Summary of Legislative Budget Decisions

Commission budget changes agreed upon by both the Governor and the Legislature (to date):

Programs

- Increase of \$13.9 million in General Fund support for 2013-14 and \$25.1 million in 2014-15 for Cal Grant caseload growth.
- Decrease the use of Temporary Assistance for Needy Families (TANF) funds for Cal Grants by \$104.5 million with a corresponding increase in General Fund.
- Increase General Fund support of \$60 million to offset the elimination of the ECMC, Student Loan Operating Fund (SLOF) contribution to the Cal Grant Program.
- Decrease of \$6 million from General Fund for the APLE Program with a corresponding use of \$6 million from Student Loan Authority (SLA) Funds available due to the sale of the Cal Loan Program portfolio.
- Provide \$15.8 million in General Funds to allow students who have previously been denied a Cal Grant renewal award for financial reasons (such as their income rose above eligibility levels) to reapply for the program.

Operations

- Provide additional reimbursement authority of \$52,000 for CSAC to recover the cost of providing reliable, usable, clean data on the Cal Grant and other Specialized Programs administered by the Commission to stakeholders on a contractual basis.
- Increase to CSAC support budget of \$133,250 for ongoing positions. (Although not technically in the Governor's proposed budget, the Administration has indicated they will not oppose this increase in our operations budget.)

Legislative budget decisions not in alignment with the Governor's proposed budget.

Programs

- **Cal Grant B access award increase**
The Governor's proposed budget maintained the current \$1,473 award amount. The Assembly proposed to increase the Cal Grant B stipend by 18% from \$1,473 to \$1,746 for a General Fund cost of \$46.8 million. The Senate proposed a 5% increase from \$1,473 to \$1,551 for a General Fund cost of \$13.4 million. *The Conference Committee voted to increase the Cal Grant B access award to \$1,648, a 12% increase for one year, for a total General Fund cost of \$30 million.*
- **Rescind the 11% reduction in the 2014-15 maximum Cal Grant award at private non-profit institutions and private for-profit institutions with WASC accreditation**
The Governor's budget maintained the 11% reduction required in statute. The Assembly budget committee voted to rescind the proposed 11% reduction for a General Fund increase of \$9 million. The Senate did not. *The Conference Committee voted to rescind the proposed 11% reduction for one year, for a total General Fund cost of \$9 million.*
- **Increase in the number of awards for the Cal Grant Competitive Program**
The Governor's proposed budget did not include any increase in the number of awards for this program. The Assembly Budget Committee adopted trailer bill language to increase the number of competitive Cal Grants from 22,500 to 40,000 in the 2015-16 budget at a General Fund cost of \$45.2 million. The Senate Budget Committee did not. *The Conference Committee did not adopt the proposed trailer bill language.*
- **Middle Class Scholarship (MCS) Program**
The Governor's proposed budget maintained the \$107 million for MCS as provided in statute. Although the Assembly Budget Committee proposed an increase of \$20.7 million for this program, the Conference Committee rejected the proposal. *The Conference Committee voted only to adopt trailer bill language to make slight modifications to the program, many of which mirror the Cal Grant program.*

The Senate and Assembly are required to submit a Budget Bill to the Governor by June 15, 2014. We will provide an oral update on the status of the budget at the meeting.

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

N. Kathleen Finnigan, Fiscal Manager
Administration and External Affairs Division

Angelo Williams, Legislative Director
Strategic Policy, Media and Communications Division

Exhibit 5.a

Legislative Budget Decisions Currently in Agreement with the Governor's Budget				
Program				
Increase in General Funds (GF) for Cal Grant caseload growth	\$13.9 million GF (2013-14) \$25.1 million GF (2014-15)			
Reduce the TANF funds used for Cal Grants with a corresponding increase in GF	-\$104.5 million TANF \$104.5 million GF			
Increase GF by \$60 million for the SLOF backfill	\$60 million GF			
Use of the proceeds from the Student Loan Authority (SLA) "sale" to backfill a portion of GF support to APLE	\$6 million SLA -\$6 million GF			
Reinstate students who were previously withdrawn from the Cal Grant due to a change in their financial circumstances	\$15.8 million GF			
Operations				
Additional reimbursement authority to recover costs to provide data to stakeholders	\$52,000 GF			
Increase in General Fund support \$133,250 for CSAC support budget for ongoing positions	\$133,250 GF			
Legislative Budget Decisions Not Currently in Agreement with the Governor's Budget				
	GOVERNOR	ASSEMBLY	SENATE	CONFERENCE COMMITTEE
Increase General Fund support of Cal Grant B access award	\$0	\$46.8 million GF Increase by 18% - From \$1,473 to \$1,1,746	\$13.4 million GF Increase by 5% - From \$1,473 to \$1,551	\$13.4 million GF \$1,648 Cal Grant B Access Award
Rescind the proposed 11% cut to the maximum Cal Grant award at private nonprofit institutions and private for-profit institutions with WASC accreditation.	\$0	\$9 million GF		\$9 million GF
Increase the number of Cal Grant Competitive awards	-	TBL proposed increase the number of Cal Grant Competitive awards in 2015-16 from 22,500 to 40,000 for a General Fund cost of \$45.2 million	-	Did not support the proposed trailer bill language
Increase fundig for Middle Class Scholarship (MCS) and make statutory changes	\$0	\$20.7 million GF and Trailer Bill Language	\$0	\$ 0 Adopted Trailer Bill Language