

Action /Information Item

Fiscal Policy and Long-Range Planning Committee

Discussion of the Proposed 2006-07 Commission Budget

The Governor's Proposed 2006-07 Budget was presented to the Legislature on January 10, 2006 and includes the following items for the Commission's budget.

State Operations:

- \$1,569,000 increase, in one-time Student Loan Operating Funds, for the Grant Delivery System (GDS) Service-Oriented Enhancement Budget Change Proposal to modify the GDS by developing real-time processing.
- \$276,000 increase, in one-time Student Loan Operating Funds, for the 2006-07 Student Expenses and Resources Survey (SEARS).

Local Assistance:

- \$51.4 million baseline adjustment increase, which includes the restoration of the maximum award at non-public institutions from \$8,322 to \$9,708 (at a cost of \$11.9 million). Fees at the UC and CSU remain at 2005-06 levels.
- \$51 million to replace prior year's (2005-06) draw from Student Loan Operating Fund with General Fund. There is no additional draw from the Student Loan Operating Fund for Cal Grants in 2006-07.
- \$6.816 million increase to reflect additional loan assumption payments for APLE recipients.

Other Items:

- Cal SOAP (\$8.567 million) and the Commission's operations budget (\$15.4 million) remain funded from the Student Loan Operating Fund in 2006-07.
- 100 new awards are authorized for the National Guard APLE program. Funding for loan assumption payments is not needed until 2007-08. Staff will seek appropriate resources for administration of the program in 2006-07.

Additional Information:

- From 2001-02 through 2004-05, the budget appropriation fully funded the Cal Grant Entitlement Program. Initial projections indicate that additional funds might be needed for 2005-06. Staff will continue to monitor the program, revise the projections as necessary, and discuss any budget adjustments with the Department of Finance. The enabling legislation for the Cal Grant Entitlement Program ensures that the program is to be fully funded and that an augmentation, if needed, can be obtained with a 30-day written notice from Department of Finance to the Legislature.

Recommended Action: No staff recommendations.

Responsible Staff: Bob Illa, Fiscal Manager
Management Services Division

Janet McDuffie, Chief
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CALIFORNIA STUDENT AID COMMISSION
2006-07 LOCAL ASSISTANCE BUDGET
 Per Governor's Proposed Budget
 (\$ in millions)

PROGRAM	2005-06	2006-07	
		Adjustments	Total
Cal Grants			
Entitlement	\$630.2	\$67.0	\$697.2
Competitive	126.7	(8.5)	118.2
Cal Grant C	10.3	(0.7)	9.6
Cal Grant A (Pre SB 1644)	4.7	(4.1)	0.6
Cal Grant B (Pre SB 1644)	2.7	(2.3)	0.4
Subtotal Cal Grants	\$774.6	\$51.4	\$826.0
Other Programs			
APLE	40.9	6.8	47.7
CAL SOAP	8.6	-	8.6
Chafee Foster Youth	7.6	0.4	8.0
BYRD	5.7	-	5.7
Grad APLE	0.4	-	0.4
Child Development	0.3	-	0.3
Law Enforcement	\$0.1	-	\$0.1
National Guard APLE (no funding needed until 2007-08)	-	-	-
Subtotal Other Programs	\$63.6	\$7.2	\$70.8
TOTAL LOCAL ASSISTANCE	\$838.2	\$58.6	\$896.8

FUNDING SOURCES	2005-06	2006-07	
		Adjustments	Total
Cal Grants			
General Fund	\$711.0	\$102.4	\$813.4
Operating Fund	\$51.0	(\$51.0)	\$0.0
Federal Trust Fund	\$12.6	-	\$12.6
Reimbursement	-	-	-

Cal Grant Award Levels

Academic Year	Cal Grant A & B Tuition and Fees			Cal Grant B Access	Cal Grant C	
	UC	CSU	Non-Public Institutions		Tuition & Fees	Book & Supply
Proposed 2006-07	\$6,141	\$2,520	\$9,708	\$1,551	\$2,592	\$576
2005-06	\$6,141	\$2,520	\$8,322	\$1,551	\$2,592	\$576
2004-05	\$5,684	\$2,334	\$8,322	\$1,551	\$2,592	\$576
2003-04	\$4,984	\$2,046	\$9,708	\$1,551	\$2,592	\$576
2002-03	\$3,564	\$1,500	\$9,708	\$1,551	\$2,592	\$576
2001-02	\$3,429	\$1,428	\$9,708	\$1,551	\$2,592	\$576
2000-01	\$3,429	\$1,428	\$9,708	\$1,548	\$2,592	\$576
1999-00	\$3,429	\$1,428	\$9,420	\$1,410	\$2,360	\$530

Governor's 2006-07 Budget Proposals:

- Restores the maximum award to the 2003-04 level of \$9,708 for new Cal Grant A and B recipients at the non-public institutions. This will be an increase in program funding of \$11.9 million.
- Retain both the University of California (UC) and California State University (CSU) system-wide fees at the 2005-06 level for new and continuing Cal Grant A and B recipients.
- No change to the other Cal Grant awards.

**Operational Implementation Plan
For Items in the Governor's 2006-07 Proposed Budget**

Grant Delivery System:

- Update the Grant Delivery system to reflect the changes in the proposed 2006-07 maximum award amount for non-public institutions.
- Process Cal Grant awards using the 2006-07 proposed award levels.

Special Alert to Institutions:

- Issue a Special Alert to financial aid directors and high school counselors to inform them that the Commission has incorporated the Governor's proposed changes for the 2006-07 Cal Grant award cycle subject to change once the final budget is enacted; include a copy of the Budget Alert insert that will be mailed to each new Cal Grant recipient that would let students know about the Governor's current proposal and that other changes may occur when final budget is enacted.

Budget Alert to Students:

- Create and send a Budget Alert with each award letter that would let students know about the Governor's 2006-07 budget proposals for Cal Grant award levels and that other changes may occur when final budget is enacted that may impact their award or eligibility.

Staff:

- Inform Commission staff of the proposed changes and train on how to respond to inquiries.