

Item 5

Information Item

Update on 2016-17 State Budget

SUMMARY OF THE ISSUE(S):

This item will provide a brief update on the 2016-17 State Budget.

RECOMMENDATION:

Staff will provide an oral update at the Commission meeting to report on the progress of the 2016 State Budget Act.

BRIEF HISTORY OF KEY ISSUE(S):

At the May 20th teleconference meeting, the Commission was provided a summary of the Governor's May Revision proposals. The Senate and Assembly have since voted on the Governor's proposals, and made proposals of their own, many of which will be considered in the Budget Conference Committee. The Legislature has until June 15 to present a balanced budget to the Governor.

ANALYSIS:

Note: this item was prepared on June 2. Updated information and materials may be presented at the Commission Meeting.

In addition to general program adjustments, the Governor's May Revision included several provisions which strengthen the state's financial aid, as well as the Commission's ability to deliver it. Notably, two proposals support the modernization of the Grant Delivery system (\$396K), and improving the Commission's security infrastructure (\$1.97M). The Assembly and Senate Budget Subcommittees on Education each adopted all of the Governor's May Revision proposals affecting the Commission. (See Item 5.1.) Each subcommittee also added several new proposals, which are being considered by the Budget Conference Committee.

The Assembly proposed:

- Authorizing 800 new APLE warrants annually
- Providing an additional \$3.6M to the Chafee Grant for Foster Youth
- Increasing the number of Competitive Cal Grants to 30,000

California Student Aid Commission

- Authorizing an LAO study on financial aid and college affordability (see Item 5.2)

The Senate proposed:

- Authorizing 170 new APLE warrants annually
- Increasing Cal-SOAP funding by \$340,000 to establish a Consortium serving the Inland Empire

Staff will provide an oral update at the Commission meeting to report on the progress of the 2016 State Budget Act.

RESPONSIBLE PERSON(S):

Brandon Biegert
Legislative Representative

ATTACHMENT(S):

Attachment 5.1: Budget Item Tables
Attachment 5.2: LAO Report Proposal Language

California Student Aid Commission Budget Issues Status Update Non-Conference Items		
Administration	Assembly Sub 2	Senate Sub 1
General Program Adjustments	Approved	Approved
TANF Offset Increase to \$1.1B	Approved	Approved
Fund GDSm Funding: \$396K	Approved	Approved
Fund GDS Security: \$1.97M	Approved	Approved
Grant Reimbursement Authority for College Future Foundation Partnership: \$500K	Approved	Approved
College Access Tax Credit: \$5.1M, providing \$22 Cal Grant B Augmentation	Approved	Approved

**California Student Aid Commission Budget Issues Status Update
Conference Items**

Issue	Administration	Assembly	Senate	CSAC	Conference
Competitive Cal Grants	Oppose	proposed using \$15.1M from MCS savings to increase Competitive Cal Grants to 30,000	No Proposal	CSAC Supports the Assembly Proposal	TBD
Chafee Grant for Foster Youth	Oppose	(Human Services) Provide \$3.6M for Chafee Augmentation	No Proposal	CSAC Supports the Assembly Proposal	TBD
APLE	Oppose	Authorizes 800 new warrants beginning in 2016-17	Authorizes 170 new warrants starting in 2016-17	CSAC Supports the Assembly Proposal	TBD
LAO Financial Aid Study	Oppose	Proposed eliminating the planned LAO report on Cal Grant C, and instead requiring a broad report analysing ways to streamline financial aid and provide free higher education in California	No Proposal	CSAC Supports the Assembly Proposal	TBD
CAL-SOAP: Inland Empire	Oppose	No Action	Increases Cal-SOAP funding by \$340K to start a consortium in the Inland Empire	CSAC Supports the Senate Proposal	TBD

**ASSEMBLY BUDGET SUBCOMMITTEE NO.2
ON EDUCATION FINANCE**

Proposal for LAO Study on Financial Aid Consolidation and Debt-Free College

On or before January 1, 2017, the Legislative Analyst's Office shall review California financial aid programs and report to the relevant budget subcommittees and policy committees of the Legislature on options to phase in financial aid increases to reduce and eliminate low and middle income students' dependence on student debt to attend college. In developing the options, the LAO shall consider, among other options, the consolidation of existing financial aid programs, including: the Cal Grant Program, the Middle Class Scholarship, institutional aid at the CSU and UC, and the Board of Governor's Fee Waiver, into one entitlement grant program that takes into account the full total cost of college attendance, including: tuition and fees, books and supplies, transportation, and room and board.

The intent is to establish options that ensure that, once fully phased in, every student will be able to cover the costs of college cost with an appropriate family contribution for middle and higher income families, earnings from a part time job, federal financial aid for eligible students, and a new state entitlement program. The options shall include the estimated additional state costs needed for each year of the phase in period for each option presented.

The LAO may convene a group of stakeholders to provide input in the development of the recommendations. To allow LAO time to complete this report, adopt placeholder trailer bill language that would eliminate an upcoming report on the Cal Grant C program and require reporting regarding the evaluation of UC and community college best-value procurement to be shifted from the LAO to the UC and community colleges.