

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Wilmer Amina Carter, Chair

WEDNESDAY, APRIL 22, 2009
STATE CAPITOL, ROOM 126
4:00 PM

OVERVIEW OF THE 2009-10 PROPOSED HIGHER EDUCATION BUDGET

DEPARTMENT OF FINANCE: UPDATE ON THE FEDERAL STABILIZATION FUNDS

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6110	CALIFORNIA STATE UNIVERSITY	
6870	CALIFORNIA COMMUNITY COLLEGES	
	<i>ACCESS TO HIGHER EDUCATION</i>	
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ISSUE 1: ENROLLMENT GROWTH FUNDING

The Budget Act does not specify appropriations for enrollment growth for neither the 2008-09 and 2009-10 budget years. The universities were given latitude in the 2008-09 Budget Act on how to absorb unallocated reductions and how to allocate funding. As for the 2009-10 Budget Act, enrollment targets were set to equal to the 2007-08 budgeted level, which raises issues of concern.

PANALISTS

- Legislative Analyst's Office
- Department of Finance
- University of California
- California State University
- California Community Colleges

BACKGROUND

The 1960 Master Plan in Higher Education expresses the goal that all Californians should be afforded the opportunity to receive a college education. This promise of universal access is achieved by guaranteeing university eligibility to the top one-third of high school graduates and allowing all adults the opportunity to attend a community college.

What Influences Enrollment Growth?

There are two main factors influencing enrollment growth in higher education:

- **Population Growth.** Other things being equal, an increase in the state's college age population causes a proportionate increase in those who are eligible to attend each segment. Most enrollment projections begin with estimates of growth in the potential student "pool" (18- to 24-year old population), which for the rest of the decade is expected to range from 1.6 percent to 2 percent annually.
- **Participation Rates.** For any subgroup of the general population, the percentage of individuals who are enrolled in college is that subgroup's college participation rate. Participation rates can be affected by a variety of factors – state enrollment policies, the job market, and changes in the financial situation of students and their families.

Enrollment Management

The number of eligible applicants to University of California (UC) and California State University (CSU) fluctuates from year to year depending upon a number of factors – including population growth, demographic changes, economic conditions, and student preferences. Each year, the state and the segments take steps to manage the number of students who attend California's public universities, and enrollment management is necessary since funding and campuses' physical capacity in any given year are limited.

The state typically provides a fixed amount of funding for a specific level of enrollment in the annual budget, and expects the universities to manage enrollment through admissions to achieve enrollment close to its targeted level. These tools are also meant to uphold the goals of the Master Plan – all eligible students who apply to UC and CSU are guaranteed a spot within the respective system, even though they may not be admitted to their first choice campus.

As for the California Community Colleges (CCC), the state's Master Plan and existing statute require the colleges to serve as "open enrollment" institutions. As such, community colleges do not deny admission to college; instead, students simply register for classes that have available space, usually on a first-come, first-served basis.

Examples of Enrollment Management: California's universities employ the following tools to influence the number of eligible applicants who enroll:

- Redirect students to a lower-choice campus within the system (University of California primarily), or give priority to local-area applicants (California State University).
- Adjust application deadlines.
- Restrict lower-division transfers.
- Establish pre-requisites for admission to upper-division status.
- Require incoming students to attend orientation and/or pay enrollment deposits.
- Make offers of admission provisional on meeting conditions, such as completing courses in process at time of application, maintaining minimum G.P.A., and providing supporting documents.

ENROLLMENT FUNDING

The Legislature and Governor typically provide General Fund support in the annual budget for a specific number of students at each of the three segments. From 2005-06 through 2007-08, (UC) and (CSU) were provided with an annual augmentation for 2.5 percent enrollment growth funding.

In a departure from past practice, the 2008-09 Budget Act included no explicit augmentation for enrollment growth and did not specify any enrollment targets for UC and CSU. For the 2009-10 Budget Act, no new funding was provided for enrollment growth since the Compact Agreement was eliminated, and set enrollment targets to equal the 2007-08 budgeted levels.

For the 2008-09 Budget Act, UC and CSU were given the discretion to set their own enrollment levels for the 2008-09 academic year. The Legislature required the segments to report on any enrollment growth (and compensation increases) in the current year and how they were funded. The CCC received a 2 percent enrollment growth funding.

- **University of California.** The university system sought to increase their 2008-09 enrollment by about 5,000, or 2.5 percent. The University reported that this target was exceeded by approximately 1,000 Full-Time Equivalent (FTE) students. Combined with the 5,400 students UC enrolled above its 2007-08 budgeted level, UC has approximately 11,000 more students than its last budgeted level.
- **California State University.** The CSU system attempted to manage enrollment levels closer to its 2007-08 budgeted level by moving fall 2008 application deadlines earlier than normal. However, it estimates that enrollment increased by approximately 4,500 students in the fall 2008 term. The system intended that enrollment management in the winter and spring terms would allow the segment to hold enrollment growth flat in the current year. Depending on the system meeting its goal, CSU's enrollment for the current year would still be 11,000 students to 15,000 students above its last budgeted level in 2007-08.
- **California Community Colleges.** The 2008-09 Budget Act included an augmentation of \$114 million to fund new enrollment growth of 2 percent, or about 23,000 FTE students. In addition, the base budget retained \$44 million for enrollment slots that became newly vacant in 2007-08. The combined growth funds provided CCC with an additional 33,000 FTE students, or 2.8 percent of base enrollment. The Chancellor's Office has reported that the system is experiencing overwhelming growth, reaching in some districts over 10 percent.

Enrollment at University of California (UC) and California State University (CSU)

Full-Time Equivalent Students

	2007-08		2008-09 Estimate	2009-10	
	Budgeted	Actual		Governor's Proposal ^a	Segments' Plans
UC	198,455	203,906	209,816	198,669	210,816
CSU	342,893	353,915	355,685 ^b	343,233	342,893

^a Governor's budgeted levels reflect 2007-08 budgeted levels plus a proposed small increase in health sciences enrollment at both segments.

^b Legislative Analyst's Office estimate.

Segments' Plans for Enrollment in 2009-10

- **University of California.** UC Regents adopted a plan in January to reduce enrollment of new California resident freshmen by a total of 2,300 Full-Time Enrolled (FTE) students. This would represent a 6 percent reduction from the size of the 2008-09 freshman class. The plan would increase enrollment of community college transfer students by 500 FTE students (a 3 percent increase) and maintain the same number of graduate students.
- **California State University.** CSU Trustees adopted an enrollment plan in November with the goal of reducing enrollment in the budget year to the last budgeted level in 2007-08. This would reduce the enrollment level by approximately 3 percent to 4 percent, compared to 2008-09. This would mainly affect incoming undergraduate and graduate students.
- **California Community Colleges.** The 2009-10 Budget Act includes \$185 million to fund 3 percent enrollment growth. This includes \$175 million for apportionments, as well as a total of \$10 million for three categorical programs that have historically received growth funding. With this augmentation, the budget would fund a total of over 1.2 million FTE students in 2009-10.

LAO Recommendation.

The LAO recommends that the Legislature adopt specific 2009-10 enrollment targets for UC and CSU in order to clarify the state's goals for enrollment, set expectations for the segments, and provide a clear enrollment base to work from in subsequent years. Specifically, the lack of budgeted enrollment levels in the 2008-09 budget creates confusion about how much enrollment the state funded in the current year.

ISSUE 2: PROGRAM IN MEDICAL EDUCATION (PRIME) ENROLLMENTS

The issue for the Subcommittee to consider is the University of California's request for an increase in funding of \$3.3 million to support new and unfunded enrollment. The Governor had included \$1.5 million of this request for new enrollment of 57 students in the PRIME, which was removed from the Budget Act.

BACKGROUND

The Governor and the Legislature supported the creation of the UC PRIME programs in an effort to address the need for culturally sensitive physician care for an increasingly diverse state. PRIME incorporate specific training and curriculum designed to prepare future practitioners to address disparities that exist in the provision of health care throughout the state, improving the quality of healthcare available for all Californians. The special training provided to PRIME students ranges from enhancing cultural sensitivities to the use of technology to overcome geographic barriers to quality care. Since students who enter medical school with an interest in caring for underserved communities as part of their future career are more likely than other students to practice in such communities, the PRIME programs also help address regional health disparities. The current UC PRIME programs are as follows:

- **PRIME-RC (Rural California) at Davis.** Award-winning model program in telemedicine and a commitment to outreach and rural health care.
- **PRIME-LC (Latino Community) at Irvine.** Emphasizes Latino health issues with training in Spanish language and Latino culture.
- **PRIME at Los Angeles.** Committed to serve, and experience working with, diverse medically disadvantaged populations.
- **PRIME-HEq (Health Equity) at San Diego.** Builds upon knowledge of health disparities and minority health problems to help students work toward and contribute to achieving equity in health care delivery.
- **PRIME-US (Urban Underserved) at San Francisco.** Offers students the opportunity to pursue their interests in caring for underserved populations in urban communities.

For 2009-10, UC is requesting an enrollment increase of 122 MD students and eight master's students to support the unfunded expansion in 2008-09 as well as the next phase of a planned multi-year expansion in the University's PRIME program. The MD marginal cost of instruction is \$26,676 per student, which generates \$3,254,000. If approved by the Legislature and the Governor, support for the eight master's students will be provided at the general campus marginal cost of instruction rate of \$11,076 for a total of \$89,000. Additional supplemental support for the medical program comes from fee revenue from mandatory system-wide student fees paid by all students and from the professional fee charged to MD students.

ISSUE 3: NURSING PROGRAM ENROLLMENTS

The issue for the Subcommittee to consider the funding originally in the Governor's January Budget proposal of \$1.1 million to UC and \$3.6 million to CSU to support new enrollments in nursing programs. This funding was removed in the enacted 2009-10 Budget Act.

BACKGROUND

There are four types of pre-licensure educational programs: 1) Associate Degree in Nursing (ADN) programs at 2-year colleges, 2) Bachelors of Science in Nursing (BSN) programs at a 4-year university, 3) accelerated nursing programs at a two-year colleges for individuals who are already licensed vocational nurses, and 4) entry-level master's (ELM) programs at a university for students that already hold a bachelor's or higher degree in a non-nursing field.

According to the Board of Registered Nursing (BRN), in 2007-08, California had a total of 131 pre-licensure nursing programs: 84 ADN programs, 32 BSN programs, and 15 ELM programs. While there has been an increase in available admission space, nursing programs continue to receive more applicants than programs can accommodate. In 2007-08, according to BRN, 20,402 qualified applicants (60.7%) to nursing education programs were not accepted for admission.

The California Employment Development Department projects that the state will need approximately 240,000 RNs by 2014. According to 2007 estimates by the LAO, the supply of RNs in 2014 will total only about 228,000. Further, California is not keeping pace with the need for nursing faculty. According to BRN, in 2008 there were 170 vacant faculty positions within nursing education programs. In a 2009 report by the California Postsecondary Education Commission (CPEC), CPEC concluded that "in the absence of continuous legislative and institutional intervention, the demand for services provided by vocational and registered nurses over the next ten years will greatly outpace the supply of nurses anticipated to flow from postsecondary degree programs."

University of California: The Governor's January Budget proposal had included \$1.1 million for an additional 50 undergraduate and 42 master's level nursing students.

California State University. The Governor's January Budget proposal provided \$3.6 million to fund an additional 340 undergraduates in nursing.

ISSUE 4: TRANSFER ISSUES

This issue will allow the segments to provide the Subcommittee with information as to how they are working together to improve the transfer rates and process.

PANALISTS

- University of California
- California State University
- California Community Colleges

In adopting the Master Plan for Higher Education, the Legislature envisioned an efficient process for students to transfer from community college to the University of California (UC) and the California State University (CSU). Thus, the plan calls for UC and CSU to accept all qualified community college students into their respective systems.

In establishing the Master Plan targets for freshman admissions, the Legislature recognized that a majority of high school graduates would not be able to attend UC and CSU as freshman. In order to ensure broad college access, the Master Plan (1) directs community colleges to accept all applicants 18 years and older who can benefit from attendance and (2) expresses legislative intent that community colleges should serve as an alternative pathway for eventual admission to UC and CSU. Specifically, the plan declares that “so long as any high school graduate can be admitted to a junior [community] college, it will not reduce the opportunity for students able and willing to meet the requirements for transfer to the upper division in the state colleges and the University of California.” In order to facilitate this transfer process, the Master Plan calls for UC and CSU to accept all qualified community college transfer students into their respective systems.

For transfer applicants, the Master Plan anticipates that community colleges provide a “proving ground for those who have not made records in high school good enough to justify entry into senior college [four-year university].” Overall, the Legislature envisioned the transfer process as the avenue for any student (regardless of academic performance in high school) to enroll at UC or CSU.

ISSUE 5: STUDENT FEES AND COST OF ATTENDANCE

Two of the most important determinants of higher education affordability are the level of fees charged to students and the availability of financial aid.

PANALISTS

- Legislative Analyst's Office
- University of California
- California State University
- California Community Colleges

FEE INCREASES AT THE PUBLIC UNIVERISITIES

University of California. The Budget Act assumes an increase of 9.3 percent in system wide fees and increases ranging from 5 percent to 24 percent in fees for specified professional school programs. These increases are projected to generate \$166.1 million in new fee revenue.

Hastings College of the Law. The Budget Act assumes an increase of 13 percent for all students. This increase will generate \$4.2 million in new fee revenue.

California State University. The Budget Act assumes an increase of 10 percent for all students. This increase is projected to generate \$130 million in new fee revenue.

California Community Colleges. The Budget Act maintains the current student fee level of \$20 per unit.

Annual Education Fees for Full-Time Resident Students*2007-08 Through 2009-10*

	2007-08	2008-09	2009-10 ^a	Change	
				Amount	Percent
University of California					
Undergraduate	\$6,636	\$7,126	\$7,788	\$662	9.3%
Graduate	7,440	7,986	8,736	750	9.4
Hastings College of the Law	\$21,303	\$26,003	\$29,383	\$3,380	13.0%
California State University					
Undergraduate	\$2,772	\$3,048	\$3,354	\$306	10.0%
Teacher Credential	3,216	3,540	3,894	354	10.0
Graduate	3,414	3,756	4,134	378	10.1
Doctoral	7,380	7,926	7,926	—	—
California Community Colleges	\$600	\$600	\$600	—	—

^a Proposed.

ISSUE 6: FINANCIAL AID RESOURCES

Financial assistance for students in higher education comes in many forms and is offered by many entities. The major forms of financial assistance include grants (scholarships and fellowships), loans, work study, investment accounts, and tax credits. The major providers of financial assistance are the federal government, state government, universities, and private benefactors. California has several state programs to help students obtain financial assistance for college—including the Governor's merit scholarships, the Cal Grant entitlement and competitive programs, the University of California (UC) and the California State University's (CSU) institutional aid programs, the California Community Colleges Board of Governors' fee waiver program, and the Scholarshare Trust program.

PANALISTS

- Legislative Analyst's Office
- University of California
- California State University
- California Community Colleges
- California Student Aid Commission

INSTITUTIONAL AID PROGRAMS

Both UC and CSU maintain “institutional aid” programs to supplement state and federal aid for their financially needy students. The segments generally allocate this aid based on financial need, but have a great deal of flexibility in how they measure need.

- **University of California.** The system has renamed their institutional aid program to the “Blue and Gold Opportunity Plan.” The system is planning on expanding their institutional aid from 33 percent to 36 percent, and are planning to fully cover UC's system-wide fees for California resident students whose families earn less than \$60,000 a year and who qualify for financial aid. The set-aside would augment the institutional aid budgets by \$58.1 million.
- **California State University.** The set-aside would augment the institutional aid budgets by \$43.5 million.
- **California Community Colleges.** Although CCC does not administer institutional aid, the CCC Board of Governors provides fee waivers for all needy students. This mechanism serves the same purpose as campus-based financial aid.

CAL GRANT PROGRAMS AND OUTREACH PROGRAMS

The California Student Aid Commission (CSAC) provides financial aid to students through a variety of grant and local programs.

The Budget Act reflects the Legislature's intent to preserve these financial aid programs. At a time when fee increases have been proposed for the third consecutive year, it is imperative to maintain programs that provide affordability to financially disadvantaged students. The Administration has submitted a proposal in an April Letter to reduce the Cal Grant Programs, the same proposals that were rejected in the 2009-10 budget, which will be discussed on the May 13, 2009 hearing.

The table below provides the descriptions of each of the financial programs available to California resident students.

Student Aid Commission's Financial Aid and Outreach Programs

Cal Grants

Entitlement Awards provide up to \$9,708 to cover tuition and fees, and stipends up to \$1,551 for books and other expenses. Awards are guaranteed for students who meet financial, academic, and other eligibility criteria and attend qualifying public or private institutions.

Competitive Awards provide grants up to the same amounts for students who do not qualify for the entitlement, often because they are older and have been out of high school longer. Grantees are selected based on financial need, academic merit, and other factors, such as parents' educational level and high school's college-going rate, for 22,500 new grants each year.

Cal Grant C provides 7,761 grants for eligible low-income students preparing for occupational or technical training. Grants cover tuition and fees up to \$2,592, plus \$576 for other costs.

Loan Assumption Programs

Assumption Program of Loans for Education (APLE) provides up to \$19,000 toward outstanding student loans for graduates who teach a total of four years in a qualifying school.

State Nursing Assumption Program of Loans for Education (SNAPLE) for Nursing Faculty provides up to \$25,000 toward outstanding student loans for graduates who teach nursing at eligible California institutions.

SNAPLE for Nurses in State Facilities provides up to \$20,000 toward outstanding student loans for graduates who work as nurses in eligible state-operated inpatient facilities.

Child Development Teacher and Supervisor Grant Program provides loan assumption for participants who teach or supervise in the field of child care and development in a licensed children's center. This program is funded from federal funds through an agreement with the State Department of Education (SDE).

Other Loan Assumption Programs include one for qualifying members of the National Guard, State Military Reserve, or Naval Militia and one for persons with graduate degrees who teach at eligible California colleges and universities. Neither of these programs is currently accepting new applicants.

Specialized Grant and Scholarship Programs

Law Enforcement Personnel Dependents Scholarship Program provides college grants equivalent to Cal Grant amounts to eligible dependents of law enforcement personnel who were killed or permanently disabled in the line of duty.

Robert C. Byrd Honors Scholarship Program provides \$1,500 federal scholarships to exceptionally able students who show promise of continued academic excellence. The SDE contracts with California Student Aid Commission to administer this program.

California Chafee Grant Program provides grants up to \$5,000 to eligible foster youth who are enrolled in college or vocational school. This program is supported by federal funds and the General Fund, through an agreement with the State Department of Social Services.

Outreach Programs

California Student Opportunity and Access Program provides financial aid outreach and tutoring services to disadvantaged K-12 students through consortia of school districts, community colleges, universities, and community groups.

Cash for College provides financial aid workshops to assist low-income students with the Free Application for Federal Student Aid (FAFSA) and the Cal Grant grade point average verification form, and provides other financial aid information.

FEDERAL FINANCIAL AID PROGRAMS

Pell Grants. Financial aid grants for low-income students. Maximum grants will increase from \$4,731 in 2008-09 to \$5,350 in 2009-10, and the number of students receiving Pell Grants is expected to increase by 13 percent nationally. Estimated \$500 million in additional Pell Grant support for students at California public institutions in 2009-10.

American Opportunity Tax Credit. Expanded tax credit, replacing Hope credit, to reimburse students for tuition and fees and course materials. Covers 100 percent of the first \$2,000 and 25 percent of the next \$2,000, for a maximum credit of \$2,500. Up to 40 percent of credit is refundable. Students with family incomes up to \$160,000 (\$80,000 for individuals) are eligible for full reimbursement.

Federal Tax Benefits Applied Toward Higher Education Fees

2008

Hope Credit	Lifetime Learning Credit	Tuition and Fee Deduction
<ul style="list-style-type: none"> • Directly reduces tax bill for up to two tax years. • Covers 100 percent of first \$1,200 in fee payments. Covers 50 percent of second \$1,200 (for maximum tax credit of \$1,800). • Designed for middle-income students who: <ul style="list-style-type: none"> —Are in first or second year of college. —Attend at least half time. —Are attempting to transfer or acquire a certificate or degree. • Provides full benefits at adjusted income of up to \$96,000 for married filers (\$48,000 for single filers) and provides partial benefit at adjusted income of up to \$116,000 (\$58,000 for single filers). 	<ul style="list-style-type: none"> • Directly reduces tax bill for unlimited number of years. • Covers 20 percent of first \$10,000 in fee payments (up to \$2,000 per tax year). • Designed for middle-income students who: <ul style="list-style-type: none"> —Are beyond first two years of college. —Carry any unit load. —Seek to transfer or obtain a degree/certificate—or simply upgrade job skills. • Provides full benefits at adjusted income of up to \$96,000 for married filers (\$48,000 for single filers) and provides partial benefit at adjusted income of up to \$116,000 (\$58,000 for single filers). 	<ul style="list-style-type: none"> • Reduces taxable income. • Deducts between \$2,000 and \$4,000 in fee payments (depending on income level). • Designed for any upper middle-income student not qualifying for a tax credit. 1. Capped at adjusted income of \$80,000 for single filers and \$160,000 for married

ISSUE 7: FINANCIAL AID OUTREACH/ PUBLIC AWARENESS

This issue for the Subcommittee to consider is financial aid outreach and public awareness programs supported by the state in the context of rising student fees/cost of attendance and increases in the financial aid opportunities through the federal American Recovery and Reinvestment Act.

PANALISTS

- University of California
- California State University
- California Community Colleges
- California Student Aid Commission

BACKGROUND

With the continued rise in student fees and cost of attendance at the public universities, the Legislature has worked to maintain access for students through its financial aid programs. To support these efforts, the state has funded various initiatives to ensure that students and their families who could qualify for the state's financial aid programs are aware of these opportunities and were also provided assistance in getting the aid they need to matriculate to post-secondary education. While all academic preparatory programs supported by the segments of higher education provide financial aid awareness and assistance, the below is a summary of the major financial aid outreach/awareness programs funded by the state, and are not inclusive of all efforts:

California Community Colleges

In 2003-04, the Governor and the Legislature increased student fees from \$11 to \$18 at the California Community Colleges in hopes that students would be able to access additional federal Pell Grant aid. This increase in student fees was raised to \$26 per unit in 2004-05. Over the two year period, the community college enrollment fee increased by more than 136 percent, followed by severe enrollment declines (as measured by FTES, student headcounts). The fee was later reduced in January 2007 to \$20 per unit. In the 2003-04 Budget Act, which implemented the first fee increase, \$38 million was redirected from within the system budget to the Board Financial Assistance Program – Student Financial Aid Administration (BFAP-SFAA) allowance, specifying that \$34.2 million would be dedicated to increasing community college financial aid administrative capacity and outreach in an effort to mitigate the negative effect of the fee increase. Specifically, the increased funding was provided to:

- Increase awareness and participation in student financial aid programs through direct contact with students, potential students and their families.

- Increase low-income and disadvantaged student participation in postsecondary education through access to financial aid information, application assistance and funding.
- Assist students, prospective students and their families in overcoming financial barriers in accessing postsecondary education.

In addition, the Budget Act designated the remaining funds in 2003-04, \$3.8 million (now funded at \$2.8 million), for a statewide media campaign to promote public awareness of financial aid availability and increase participation by communicating the following:

- California Community Colleges remain affordable;
- Financial aid is available to cover enrollment fees and help with books and other costs; and
- To actively encourage contact between students and local CCC financial aid offices.

The last comprehensive written report provided by the California Community Colleges to the Legislature was provided in November 2007 entitled "Report to the Legislature on Increases in Capacity and Participation for Student Financial Aid in the Community Colleges." The 2007 report provides some evidence of success in the years starting with the increased funding for financial aid outreach and awareness. For example, the report states that in aggregate, the community college student financial assistance programs established significant milestones in each of the first three years of funding:

- 2003-04 - more than \$1 billion dollars in aid to more than 652,000 students.
- 2004-05 - more than \$1.17 billion dollars in aid to more than 714,000 students.
- 2005-06 - more than \$1.17 billion dollars to more than 732,000 students.

In addition, the report points out that the Board of Governors Enrollment Fee Waiver program served the largest number of students:

- 2003-04 - 639,105 credit students (26 percent of credit enrollment) and waived more than \$168 million in enrollment fees.
- 2004-05 - 699,015 credit students (nearly 29 percent of credit enrollment) and waived more than \$266 million in enrollment fees.
- 2005-06 - 716,796 credit students (29 percent of credit enrollment) and waived \$273 million in enrollment fees.

The Federal Pell Grant program provided the greatest amount of funding:

- 2003-04 - 246,093 students (10.0 percent of credit enrollment) with \$566 million in direct aid to students.

- 2004-05 - 259,958 students (10.7 percent of credit enrollment) with \$606 million in direct aid to students.
- 2005-06 - 254,603 students (10.3 percent of credit enrollment) with \$590 million in direct aid to students.

The Cal Grant Program, the state's largest inter-segmental grant program, provided:

- 2003-04 - 58,089 students (2 percent of credit enrollment) with more than \$66 million direct aid to California Community College students.
- 2004-05 - 65,262 students (3 percent of credit enrollment) with nearly \$75 million in direct aid to California Community College students.
- 2005-06 - 67,328 students (2.7 percent of credit enrollment) with more than \$76 million in direct aid to California Community College students.

A new report on the uses of the state funds was due to the Legislature on April 1, 2009. The Chancellor's has indicated that an updated report is forthcoming to the Legislature at the end of April. The Subcommittee may wish to inquire into the status of this report.

California Student Aid Commission Programs

In addition to the California Community Colleges effort, various programs of the California Student Aid Commission have served to increase public awareness of the Cal Grant programs and to assist students and families with completing the often complex federal and state financial aid processes. The following is a summary of the major financial aid outreach and public awareness programs funded by the state:

- **Cal Grant Public Awareness Campaign.** The Cal Grant Public Awareness Campaign was developed by the Commission in 2001 in response to the creation of the Cal Grant entitlement program and a concern that new Cal Grant Entitlement program was being underutilized due to lack of awareness. The Campaign was designed to ensure that potentially eligible students were aware of the Cal Grant program and its requirements. After a thorough review of the first years of the Campaign, the Commission worked with the University of California All Campus Consortium on Research for Diversity, an interdisciplinary, multi-campus research center devoted to a more equitable distribution of educational resources and opportunities in California's diverse public schools and universities, to continue to focus the Campaign's efforts in areas of the state and to students and families that were most in need of the information. The comprehensive approach of integrating paid advertising, school and grass roots outreach and public and media relations, has shown results. In the first year of the Campaign, application submissions were up by more than 43 percent compared to 2001 and submissions of verified GPAs (required as part of the Cal Grant eligibility determination process) were up more than 28 percent. The increase in submission of the FAFSA and GPA verification form/submissions garnered a 27 percent increase in successful awards. Since the first year, the Campaign has consistently increased awards and has shown growth in awareness levels of both financial aid in general and Cal Grants specifically. For the

2007 Campaign, Cal Grant awards jumped by 3.2% and the awareness levels of the Cal Grant program. The Campaign has always been funded through the Student Loan Operating Fund and was funded at \$3 million for the first couple of years and then at approximately \$2 million for the last few years. Although the Commission and the Legislature attempted to continue funding for the Campaign in the current fiscal year, this effort was not supported by the Department of Finance and the Governor so the program is no longer funded. For the 2009-10 academic year, the Commission estimates that over 240,000 students could have been eligible for a Cal Grant will not receive an award due not filing a FAFSA or not submitting the required Cal Grant GPA Verification Form by the March 2nd Entitlement award deadline.

- **California Cash for College Program.** In 2007, the California Cash for College program was codified into the Education Code through AB 1540 (Speaker Karen Bass) and is now a Student Aid Commission operated program. The Cash for College program provides hands-on, multi-lingual assistance to students and their families by helping them complete the universally required federal financial aid form – the FASFA. In 2007, more than 420 local Cash for College workshops were offered in 44 counties across California, serving close to 15,000 students and their family members. These students and their families received more than \$30 million in state and federal financial aid. In 2008, more than 23,000 low-income students were served at more than 500 workshops in 52 out of 58 counties across California. For the 2008-09 fiscal year, the Cash for College program is funded at \$330,000 (\$130,000 of which is state operations monies) using a portion of the federal College Access Challenge Grant. This level of funding represents an over 50% reduction of funding for Cash for College program services from the prior year. At its height, the Commission had funded the Cash for College program for the 2007-08 fiscal year at \$661,643 from the Student Loan Operating Fund. Last year, the Subcommittee and the Assembly voted to maintain the \$661,643 from the Student Loan Operating Fund and increase funding for the Cash for College program by adding an additional \$500,000 using the federal College Access Challenge Grant. These actions were not sustained through the Legislative Budget Conference Committee, and Cash for College is now funded at \$330,000 using federal College Access Challenge Grant as originally proposed by the Governor. Like with the Cal Grant Public Awareness Campaign, while the Commission attempted to maintain funding levels for the program, the Department of Finance intervened and rejected continuing to fund the Cash for College program through the Student Loan Operating Fund under the auspices of “devaluing the asset” of the Commission’s auxiliary, EDFUND.
- **California Student Opportunity and Access Programs (Cal-SOAP).** The California Student Opportunity and Access Program (Cal-SOAP) was established by the State Legislature in 1978. At that time, five projects were established with the \$250,000 appropriated for the program. Cal-SOAP was established to improve the flow of information to students about postsecondary education and financial aid while simultaneously working at raising the achievement levels of low-income, elementary and secondary school students. Today, the 15 Cal-SOAP consortia operate in seventeen outreach service areas throughout the state. The consortia, also known as

projects, have governing boards made up of secondary and postsecondary schools, community agencies, and other organizational entities. Each board addresses service area needs in the advancement of outreach efforts to those students traditionally underrepresented in two and four-year colleges and universities as well as vocational programs. In addition to a multi-dimensional approach to outreach, great emphasis is placed on reaching those students who attend schools in regions with documented low-eligibility and/or college participation rates or students who are first in their families to attend college. Additionally, Cal-SOAP, at both the state and local levels, works in cooperation with other inter-segmental outreach programs to ensure avoidance of service duplication. Total resources must, at a minimum, match the state funding and at least 30 percent or the equivalent of the project grant to stipends for peer advisors and tutors. Cal-SOAP was funded at \$8.6 million from 2001-01 through 2006-07, with four years of funding from the Student Loan Operating Fund. In 2007-08 funds were shifted back to the General Fund and reduced to \$6.3 million. For the 2008-09 fiscal year, Cal-SOAP program is funded at \$7.3 million using a portion of the federal College Access Challenge Grant. Last year, the Subcommittee and the Assembly voted to shift funding for Cal-SOAP to federal funds from the College Access Challenge Grant, and also provide \$1.5 million from the Student Loan Operating fund to prevent a disruption in program planning and services due to the difference in the start of the state and federal fiscal years. These actions were fully not sustained through the Legislative Budget Conference Committee, and Cal-SOAP is now funded at \$7.3 million using a portion of the federal College Access Challenge Grant as originally proposed by the Governor, and Cal-SOAP's mission has been modified to include career technical education as proposed by the Governor.

COMMENTS

While the state's fiscal situation has worsened and student fees and the cost of attendance at California's colleges and universities has become a heavier burden, the state has worked to maintain its promise of a higher education to all that can benefit by ensuring low-income and moderate-income families could pay for college. Recent developments at the federal level through the American Recovery and Reinvestment Act provide additional opportunities to ensure this promise. In light of the changing environment, several issues might be considered by the Subcommittee including the following:

- ✓ To what extent are the existing programs and services targeting the students and families that most need the assistance? How is that being measured?
- ✓ How will existing programs and services be modified to ensure that access to new federal financial aid resources are maximized for California students and families? For example, how long will it take to get financial aid personnel (or: your outreach staff, etc.) up to speed on the new tax credits and other federal opportunities? How will materials and messaging be adjusted to ensure timely and accurate information?

- ✓ Is the state properly funding financial aid outreach/awareness activities given the need? What is the unmet need? Who is not being served and who is not accessing the financial aid that they would otherwise be eligible for? Are their other state, federal or special funds that could be used to augment or enhance current financial aid outreach and awareness activities and services?
- ✓ How can the state ensure the financial aid awareness efforts of the Student Aid Commission, the Cal-SOAP consortia, the Cash for College program, the California Community Colleges and the other higher education institutions are complementary and coordinated?
- ✓ Despite the state's best efforts thus far, it is well documented that many California Community College students do not apply for federal or state financial aid, although they have financial need and qualify for the California Community Colleges Board of Governors Fee Waiver program. What is the reason the California Community Colleges do not require that students submit an application for federal aid in order to qualify for a BOG (allowing exceptions for students who have a legitimate barrier to applying for federal aid)? It is believed that this requirement could greatly increase the amount of aid students receive and reduce the need for BOG waivers. In that light, what would it take to double the number of CCC students applying for federal aid?