

## HIGHER EDUCATION PACKAGE

Pages 31 through 37 and page 43 of the Education Agenda are addressed in this package which:

- Adopts the level of General Fund reductions proposed by the Governor for UC and CSU (*-\$1.44 billion in 2008-09 and \$533 million in 2009-10*). Legislature continues to believe that of these amounts, approximately \$1.4 billion will be backfilled with federal ARRA funds over the two-year period. (*Pages, Education 31 & 35*)
- Uses a slightly different, more equitable approach to allocating the above-noted reductions.
- Retains academic preparation programs at UC and CSU (*Pages, Education 32 & 36*).
- Defers a total of \$540 million in payments to UC and CSU from July 2009 to October 2009 to assist in the management of the state's cash flow (*Pages, Education 33 & 37*).
- Restores full funding for Cal Grants in the 2009-10 academic year and uses \$32 million from the Student Loan Operating Fund to partially offset the costs (*Page, Education 43*).
- Accepts programmatic reductions to the Cal Grant program beginning in 2010-11 by freezing income eligibility for Cal Grant A recipients (*-\$3.4 million, Page, Education 43*) and reducing the maximum Cal Grant award for ALL Private College award recipients by 5% percent (*-\$11 million, Page, Education 43*).
- Approves May Revision proposal to reappropriate \$501,681 to the Student Aid Commission for costs related to the EdFUND sale.

**HIGHER EDUCATION LANGUAGE: ATTACHMENT A**

**Page, Education – 31**

**Issue 417 and 420**

**Item 6440-001-0001: University of California**

*Provision X.* On or before January 10, 2010, the university shall provide a report to the Legislature and the Governor that describes the implementation of the unallocated reductions in the 2008-09 and 2009-10 Budget Acts. The report shall include but not be limited to information about changes in enrollment, changes in personnel costs including compensation increases and decreases, and receipt of funds related to the American Recovery and Reinvestment Act, new fee revenues, and other general purpose funding sources.

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**Page, Education – 31**

**New Issue**

**Item 6440-001-0001: University of California**

*Provision X.* Of the amount appropriated in Schedule (1), \$150,000 in one-time funds shall be used for the UC Berkeley Institute of Government Affairs.

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**Page, Education – 32**

**Issue 421**

**Item 6440-001-0001: University of California**

*Provision X.* Should the budget reductions contained in this item necessitate the University of California to make budget reductions to the Student Academic Preparation Programs (SAPEP), those reductions shall be no greater, proportionally, than the reduction in overall General Fund support. The university shall submit a report on reductions made to these programs to the fiscal committees of each house of the Legislature no later than April 1, 2010.

## HIGHER EDUCATION LANGUAGE: ATTACHMENT B

**Page, Education – 35**

**Issue 420 and 421**

**Item 6610-001-0001: California State University**

***Provision X.*** On or before January 10, 2010, the university shall provide a report to the Legislature and the Governor that describes the implementation of the unallocated reductions in the 2008-09 and 2009-10 Budget Acts. The report shall include but not be limited to information about changes in enrollment, changes in personnel costs including compensation increases and decreases, and receipt of funds related to the American Recovery and Reinvestment Act, new fee revenues, and other general purpose funding sources.

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**Page, Education – 36**

**Issue 422**

**Item 6610-001-0001: California State University**

***Provision X.*** Should the budget reductions contained in this item necessitate the California State University to make budget reductions to its student academic preparation and outreach programs, those reductions shall be no greater, proportionally, than the reduction in overall General Fund support. The university shall submit a report on reductions made to these programs to the fiscal committees of each house of the Legislature no later than April 1, 2010.

## HIGHER EDUCATION LANGUAGE: ATTACHMENT C

Page, Education – 33

New Issue

Item 6440-001-0001: University of California

Page, Education – 37

New Issue

Item 6610-001-0001: California State University

### Cash Solution Trailer Bill Language

Section XX. Section 13311 of the Government Code is amended to read as follows:

13311. (a) Notwithstanding any other provision of law, in order to achieve effective management of state cash resources, the Director of Finance may defer payment of General Fund moneys, in a cumulative amount not to exceed five hundred million dollars (\$500,000,000) annually, appropriated to the University of California in the annual Budget Act.

(b) The payment of the amount deferred in (a) shall be in May or June, as established by the Director of Finance, of the same fiscal year that the original payment would have been made.

(c) Notwithstanding any other provision of law, in order to achieve effective management of state cash resources, the Director of Finance may defer payments of General Fund moneys in July of 2009, in an amount not to exceed two hundred and fifty million dollars (\$250,000,000), appropriated to the University of California in the 2009 Budget Act.

(d) The payment of the amount deferred in (c) shall be made in October of 2009.

(e) Notwithstanding any other provision of law, in order to achieve effective management of state cash resources, the Director of Finance may defer payments of General Fund moneys in July of 2009, in an amount not to exceed two hundred and ninety million dollars (\$290,000,000), appropriated to the California State University in the 2009 Budget Act.

(f) The payment of the amount deferred in (e) shall be made in October of 2009.

## HIGHER EDUCATION LANGUAGE: ATTACHMENT F

Page, Education – 43

Issue 003

Item 7980-101-0001: California Student Aid Commission

69432.7. As used in this chapter, the following terms have the following meanings:

(a) An "academic year" is July 1 to June 30, inclusive. The starting date of a session shall determine the academic year in which it is included.

(b) "Access costs" means living expenses and expenses for transportation, supplies, and books.

(c) "Award year" means one academic year, or the equivalent, of attendance at a qualifying institution.

(d) "College grade point average" and "community college grade point average" mean a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree.

(e) "Commission" means the Student Aid Commission.

(f) "Enrollment status" means part-time status or full-time status.

(1) Part time, for purposes of Cal Grant eligibility, is defined as 6 to 11 semester units, inclusive, or the equivalent.

(2) Full time, for purposes of Cal Grant eligibility, is defined as 12 or more semester units or the equivalent.

(g) "Expected family contribution," with respect to an applicant, shall be determined using the federal methodology pursuant to subdivision (a) of Section 69506 (as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.)) and applicable rules and regulations adopted by the commission.

(h) "High school grade point average" means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year, excluding physical education, reserve officer training corps (ROTC), and remedial courses, and computed pursuant to regulations of the commission. However, for high school graduates who apply after their senior year, "high school grade point average" includes senior year coursework.

(i) "Instructional program of not less than one academic year" means a program of study that results in the award of an associate or baccalaureate degree or certificate requiring at least 24 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(j) "Instructional program of not less than two academic years" means a program of study that results in the award of an associate or baccalaureate degree requiring at least 48 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(k) "Maximum household income and asset levels" means the applicable household income and household asset levels for participants in the Cal Grant Program, as defined and adopted in regulations by the commission for the 2001-02 academic year, which shall be set pursuant to the following income and asset ceiling amounts:

CHART CONTAINING 2001-02 INCOME and ASSET CEILINGS:

The commission shall annually adjust the maximum household income and asset levels based on the percentage change in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution. Any applicant who qualifies to be considered under the simplified needs test established by federal law for student assistance shall be presumed to meet the asset level test under this section. Prior to disbursing any Cal Grant funds, a qualifying institution shall be obligated, under the terms of its institutional participation agreement with the commission, to resolve any conflicts that may exist in the data the institution possesses relating to that individual. Notwithstanding this subdivision, for the 2010-11 academic year, for purposes of determining Cal Grant A recipient eligibility, the maximum household income for a family of six or more shall not exceed \$92,100.

(l) "Qualifying institution" means any of the following:

(1) Any California private or independent postsecondary educational institution that participates in the Pell Grant program and in at least two of the following federal campus-based student aid programs:

(A) Federal Work-Study.

(B) Perkins Loan Program.

(C) Supplemental Educational Opportunity Grant Program.

(2) Any nonprofit institution headquartered and operating in California that certifies to the commission that 10 percent of the institution's operating budget, as demonstrated in an audited financial statement, is expended for the purposes of institutionally funded student financial aid in the form of grants, that demonstrates to the commission that it has the administrative capacity to administer the funds, that is accredited by the Western Association of Schools and Colleges, and that meets any other state-required criteria adopted by regulation by the commission in consultation with the Department of Finance. A regionally accredited institution that was deemed qualified by the commission to participate in the Cal Grant Program for the 2000-01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.

(3) Any California public postsecondary educational institution.

(m) "Satisfactory academic progress" means those criteria required by applicable federal standards published in Title 34 of the Code of Federal Regulations. The commission may adopt regulations defining "satisfactory academic progress" in a manner that is consistent with those federal standards.

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**Page, Education – 43**

**Issue 004**

**Item 7980-101-0001: California Student Aid Commission**

Section XX: Section 66021.2 of the Education Code is amended to read:

66021.2. Consistent with the state's historic commitment to provide educational opportunity by ensuring both student access to and selection of an institution of higher education for students with financial need, the long-term policy of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program established pursuant to Chapter 1.7 (commencing with Section 69430) of Part 42 shall be as follows:

(a) Commencing with the 2001-02 academic year and every year thereafter, an applicant for a Cal Grant A or B award shall receive an award that is not in excess of the financial need amount determined by the Student Aid Commission pursuant to Section 69432.9 if he or she complies with all of the following requirements:

(1) Demonstrates financial need under the criteria adopted pursuant to Section 69432.9.

(2) Attains a grade point average, as defined in Section 69432.7, meeting the requirements of Chapter 1.7 (commencing with Section 69430) of Part 42.

(3) Complies with each of the eligibility criteria applicable to the type of Cal Grant award for which he or she is applying.

(b) (1) The maximum Cal Grant A award for a student attending the University of California or the California State University shall equal the mandatory systemwide fees in each of those segments.

(2) The maximum Cal Grant B award for a student to which this subdivision is applicable shall equal the mandatory systemwide fees in the segment attended by the student, except for community college students who receive waivers from the Board of Governors of the California Community Colleges, plus the access award calculated as specified in Article 3 (commencing with Section 69435) of Chapter 1.7 of Part 42, except that in the first year of enrollment in a qualifying institution, the maximum award shall be only for the amount of the access award.

(c) The maximum Cal Grant awards for students attending nonpublic institutions shall be as follows:

(1) Commencing with the 2010-11 academic year, the maximum Cal Grant A award shall equal \$9,223 ~~the tuition award level established in the Budget Act of 2000~~, or the amount as adjusted in subsequent annual budget acts.

(2) Commencing with the 2010-11 academic year, the maximum Cal Grant B award shall equal \$9,223 ~~the amount of the tuition award as established in the Budget Act of 2000~~, or the amount as adjusted in subsequent annual budget acts, plus the amount of the access costs specified in Section 69435, except that, in the first year of enrollment in a qualifying institution, the maximum award shall be only for the amount of the access award.

(d) Commencing with the 2000-01 academic year, and each academic year thereafter, the Cal Grant C award shall be utilized only for occupational or technical training.

- (e) Commencing with the 2000-01 academic year, and each academic year thereafter, the Cal Grant T award shall be used only for one academic year of full-time attendance in a program of professional preparation that has been approved by the California Commission on Teacher Credentialing.
- (f) An institution of higher education in this state that participates in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program shall not reduce its level of per capita need-based institutional financial aid to undergraduate students, excluding loans, below the total level awarded in the 2000-01 academic year.
- (g) The implementation of the policy set forth in this section shall maintain a balance between the state's policy goals of ensuring student access to and selection of an institution of higher education for students with financial need and academic merit.
- (h) It is the policy of the State of California that the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program supplement the federal Pell Grant program.
- (i) An award under the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program shall not guarantee admission to an institution of higher education or admission to a specific campus or program.



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(a) Commencing with the 2001-02 academic year and every year thereafter, an applicant for a Cal Grant A or B award shall receive an award that is not in excess of the financial need amount determined by the Student Aid Commission pursuant to Section 69432.9 if he or she complies with all of the following requirements:

(1) Demonstrates financial need under the criteria adopted pursuant to Section 69432.9.

(2) Attains a grade point average, as defined in Section 69432.7, meeting the requirements of Chapter 1.7 (commencing with Section 69430) of Part 42.

(3) Complies with each of the eligibility criteria applicable to the type of Cal Grant award for which he or she is applying.

(b) (1) The maximum Cal Grant A award for a student attending the University of California or the California State University shall equal the mandatory systemwide fees in each of those segments.

(2) The maximum Cal Grant B award for a student to which this subdivision is applicable shall equal the mandatory systemwide fees in the segment attended by the student, except for community college students who receive waivers from the Board of Governors of the California Community Colleges, plus the access award calculated as specified in Article 3 (commencing with Section 69435) of Chapter 1.7 of Part 42, except that in the first year of enrollment in a qualifying institution, the maximum award shall be only for the amount of the access award.

(c) The maximum Cal Grant awards for students attending nonpublic institutions shall be as follows:

(1) *Commencing with the 2010-11 academic year*, the maximum Cal Grant A award shall equal \$9,223 ~~the tuition award level established in the Budget Act of 2000~~, or the amount as adjusted in subsequent annual budget acts.

(2) *Commencing with the 2010-11 academic year*, the maximum Cal Grant B award shall equal \$9,223 ~~the amount of the tuition award as established in the Budget Act of 2000~~, or the amount as adjusted in subsequent annual budget acts, plus the amount of the access costs specified in Section 69435, except that, in the first year of enrollment in a qualifying institution, the maximum award shall be only for the amount of the access award.

(d) Commencing with the 2000-01 academic year, and each academic year thereafter, the Cal Grant C award shall be utilized only for occupational or technical training.

(e) Commencing with the 2000-01 academic year, and each academic year thereafter, the Cal Grant T award shall be used only for one academic year of full-time attendance in a program of professional preparation that has been approved by the California Commission on Teacher Credentialing.

(f) An institution of higher education in this state that participates in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program shall not reduce its level of per capita need-based institutional financial aid to undergraduate students, excluding loans, below the total level awarded in the 2000-01 academic year.

(g) The implementation of the policy set forth in this section shall maintain a balance between the state's policy goals of ensuring student access to and selection of an institution of higher education for students with financial need and academic merit.

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(i) An award under the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program shall not guarantee admission to an institution of higher education or admission to a specific campus or program.

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Page, Education - 43

Issue 003

Item 7980-101-0001

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(a) An "academic year" is July 1 to June 30, inclusive. The starting date of a session shall determine the academic year in which it is included.

(b) "Access costs" means living expenses and expenses for transportation, supplies, and books.

(c) "Award year" means one academic year, or the equivalent, of attendance at a qualifying institution.

(d) "College grade point average" and "community college grade point average" mean a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree.

(e) "Commission" means the Student Aid Commission.

(f) "Enrollment status" means part-time status or full-time status.

(1) Part time, for purposes of Cal Grant eligibility, is defined as 6 to 11 semester units, inclusive, or the equivalent.

(2) Full time, for purposes of Cal Grant eligibility, is defined as 12 or more semester units or the equivalent.

(g) "Expected family contribution," with respect to an applicant, shall be determined using the federal methodology pursuant to subdivision (a) of Section 69506 (as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.)) and applicable rules and regulations adopted by the commission.

(h) "High school grade point average" means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year, excluding physical education, reserve officer training corps (ROTC), and remedial courses, and computed pursuant to regulations of the commission. However, for high school graduates who apply after their senior year, "high school grade point average" includes senior year coursework.

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(j) "Instructional program of not less than two academic years" means a program of study that results in the award of an associate or baccalaureate degree requiring at least 48 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

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(l) "Qualifying institution" means any of the following:

(1) Any California private or independent postsecondary educational institution that participates in the Pell Grant program and in at least two of the following federal campus-based student aid programs:

(A) Federal Work-Study.

(B) Perkins Loan Program.

(C) Supplemental Educational Opportunity Grant Program.

(2) Any nonprofit institution headquartered and operating in California that certifies to the commission that 10 percent of the institution's operating budget, as demonstrated in an audited financial statement, is expended for the purposes of institutionally funded student financial aid in the form of grants, that demonstrates to the commission that it has the administrative capacity to administer the funds, that is accredited by the Western Association of Schools and Colleges, and that meets any other state-required criteria adopted by regulation by the commission in consultation with the Department of Finance. A regionally accredited institution that was deemed qualified by the commission to participate in the Cal Grant Program for the 2000-01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.

(3) Any California public postsecondary educational institution.

(m) "Satisfactory academic progress" means those criteria required by applicable federal standards published in Title 34 of the Code of Federal Regulations. The commission may adopt

regulations defining "satisfactory academic progress" in a manner that is consistent with those federal standards.

**BUDGET CONFERENCE COMMITTEE  
EDUCATION OPEN ITEMS LIST**

<b>Page</b>	<b>Item/Issue No.</b>	<b>Description</b>	<b>2009 Budget Act</b>	<b>May Revise</b>	<b>Action</b>
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**BUDGET CONFERENCE COMMITTEE  
EDUCATION OPEN ITEMS LIST**

Page	Item/Issue No.	Description	2009 Budget Act	May Revise	Action
	<b>6440-001-0001</b>	<b>University of California</b>			
31	419, 420	<b>2009-10 Unallocated Reductions</b> - May Revision proposes unallocated reductions of \$217.5 million.	2,896,355,000 (2009)	-217,500,000	<b>Approve Unallocated reduction in the amount of \$266.6 million and Adopt Budget Bill Language (Attachment A)</b>
31	417, 420	<b>2008-09 Unallocated Reductions</b> - May Revision proposes unallocated reductions of \$717.5 million.	2,930,023,000 (2008)	-717,500,000	<b>Approve May Revision.</b>
	<b>6440-001-001</b>	<b>University of California</b>			
32	421	Eliminate Funding for Student Academic Preparation Programs	31,300,300 19,200,000 GF 12,000,000 UC Funds	-31,300,000	<b>Deny. Adopt revised Budget Bill Language (Attachment A)</b>
	<b>6440-001-0001</b>	<b>University of California</b>			
33	New	Intra-Year Cash Deferral			<b>Adopt Trailer Bill Language (Attachment C)</b>

**BUDGET CONFERENCE COMMITTEE  
EDUCATION OPEN ITEMS LIST**

Page	Item/Issue No.	Description	2009 Budget Act	May Revise	Action
	<b>6610-001-0001</b>	<b>California State University</b>			
35	420,421	<b>2009-10 Unallocated Reductions</b> May Revision proposes unallocated reductions of \$267.5 million	2,793,502,000 (2009)	-267,500,000	<b>Approve Unallocated reduction in the amount of \$266.1 million and Adopt Budget Bill Language (Attachment B)</b>
35	418, 421	<b>2008-09 Unallocated Reductions</b> May Revision proposes unallocated reductions of \$717.5 million.	2,844,364,000 (2008)	-717,000,000	<b>Approve May Revision.</b>
	<b>6610-001-0001</b>	<b>California State University</b>			
36	422	Eliminate General Fund Support for Academic Preparation and Early Testing	18,600,000	-18,600,000	<b>Deny. Adopt revised Budget Bill Language (Attachment B)</b>
	<b>6610-001-0001</b>	<b>California State University</b>			
37		Intra-Year Cash Deferral			<b>Adopt Trailer Bill Language (Attachment C)</b>
	<b>7980-101-0001</b>	<b>Student Aid Commission</b>			
43	014, 006	Phase out Cal Grants	1,035,813,000	-288,500,000	<b>Rejected proposal to eliminate new Cal Grant awards on June 5. (Issues 014, 006)</b>
43	015	Freezing award amounts for students at UC & CSU at the 2008-09 level (\$28 million).			<b>Reject Administration's proposal.</b>
43	003	Freezing of the income eligibility level at the thresholds in effect for 2008-09 (\$7 million).			<b>Approve for the 2010-11 Budget Year, to freeze the income eligibility for Cal Grant A at the level in effect for 2009-10 with Trailer Bill Language (Attachment F). Savings of \$3.4 million.</b>

**BUDGET CONFERENCE COMMITTEE  
EDUCATION OPEN ITEMS LIST**

<b>Page</b>	<b>Item/Issue No.</b>	<b>Description</b>	<b>2009 Budget Act</b>	<b>May Revise</b>	<b>Action</b>
43	004	Reduction in the maximum award for students attending private colleges (\$11 million).			<b>Approve for the 2010-11 Budget Year, a reduction in the Cal Grant private awards for all recipients by 5%, from \$9,703 to \$9,223 with Trailer Bill Language (Attachment F). Savings of \$11 million.</b>
43	005	Covering only 2/3 of the fee increase for students at UC & CSU (\$16.6 million).			<b>Reject Administration's proposal.</b>
	NEW	Budget Year Savings - Funding Shift from Student Loan Operating Fund (SLOF) to General Fund of \$32 million.			<b>Approve funding shift of \$32 million from Student Loan Operating Fund to General Fund to fund the Cal Grant programs in the 2009-10 Fiscal Year.</b>
	<b>7980-490 VOTE ONLY</b>	<b>Student Aid Commission</b>			
<b>Item #31</b>	009	May Revision: Reappropriate savings associated with EdFUND sale		501,681	<b>Approve May Revision.</b>